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No. 07-____

IN THE
Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC.,
Petitioner,

v.

JON W. DUDAS, DIRECTOR,
PATENT AND TRADEMARK OFFICE,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Under the Appointments Clause of the Constitution, art. II, § 2, cl. 2, Congress may vest the appointment of inferior officers in the President, in the Courts of Law, or in the Heads of Departments. In this case, one of the three members of a panel of the Board of Patent Appeals and Interferences ("Board") of the United States Patent and Trademark Office ("PTO") that ruled on the claims of Petitioner's patent was appointed by the Director of the PTO, who is not the Head of a Department.

The Questions Presented are:

1. Whether one of the members of the panel of the Board was appointed in violation of the Appointments Clause; and

2. If so, whether there must be a vacatur of the Board's decision.

PARTIES TO THE PROCEEDING AND RULE 29.6 DISCLOSURE

In addition to the parties listed in the caption, three corporate entities intervened in the proceedings before the United States Court of Appeals for the Federal Circuit: Hitachi, Ltd., Hitachi America, Ltd., and Renesas Technology America, Inc. (the "Hitachi Intervenors").

Translogic Technology, Inc. ("Petitioner") has no parent company. No publicly held company owns 10 percent or more of Translogic's stock.

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PETITION FOR A WRIT OF CERTIORARI

OPINION BELOW

The opinion of the Court of Appeals (Pet. App. 1a-28a) is reported at 504 F.3d 1249. The decision of the Board of Patent Appeals and Interferences ("Board") of the United States Patent and Trademark Office ("PTO") (Pet. App. 29a-112a) and the Board's decision on rehearing (Pet. App. 121a-141a) are not reported.

JURISDICTION

The decision of the U.S. Court of Appeals for the Federal Circuit affirming the Board's rejection of Petitioner's patent was entered on October 12, 2007. (Pet. App. 1a-28a.) A timely petition for rehearing and rehearing *en banc* was denied on January 24, 2008. (Pet. App. 118a.) This Court's jurisdiction rests on 28 U.S.C. § 1254(1). The Federal Circuit had jurisdiction pursuant to 35 U.S.C. § 141.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The United States Constitution, art. II, § 2, cl. 2, provides:

> [The President] by and with the Advice and Consent of the Senate, shall appoint . . . all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by law vest the

> Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

35 U.S.C. § 6(a) provides in pertinent part:

> There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director [of the Patent and Trademark Office], the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director [of the PTO].

STATEMENT OF THE CASE

This case involves a constitutional issue of great importance. Since early 2000, all new members of the United States Patent and Trademark Office's Board of Patent Appeals and Interferences have been appointed by the Director of the PTO, who is not the Head of a Department as required by the Appointments Clause.[1]

The PTO stated, in its response to the Petitioner's request for rehearing or rehearing *en*

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[1] *See* John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, 2007 *Patently-O Patent L.J.* 21, http://www.patentlyo.com/lawjournal/files/Duffy.BPAI.pdf.

banc in the Federal Court, that the issues in this case could involve "many thousands of Board decisions entered over the past seven years." The number of cases requiring a judicial remedy is actually much smaller, because this Court has accorded "*de facto* validity" to the past acts of inferior officers where a party has made a broad, facial challenge to every act undertaken by such officers. *See Buckley* v. *Valeo*, 424 U.S. 1, 142 (1976) (applying "*de facto* validity" where a party challenged all prior acts of inferior officers).

This Court has, however, granted a judicial remedy in a much smaller subset of Appointments Clause cases, like this one, where it has jurisdiction to review a particular action by the inferior officer. *See Ryder* v. *United States*, 515 U.S. 177, 180-85 (1995) (unanimously concluding that "[t]o the extent these civil cases [referring to *Buckley* and certain voting rights cases] may be thought to have implicitly applied a form of the *de facto* officer doctrine, we are not inclined to extend them beyond their facts"). In a case on all fours with this one, the Court corrected on direct review a violation that arose when a non-Article III judge sat on a three-judge panel of an Article III court. *See Nguyen* v. *United States*, 539 U.S. 69, 83 (2003). The cases that would be affected by this Court's ruling, should it agree with Petitioner, would only be those that have or will have gone to the Federal Circuit and can still be brought before this Court.

As explained below, there is no serious dispute that one of the PTO patent judges who issued the decision on review was appointed in violation of the Appointments Clause. PTO patent judges are

inferior officers, and the judge in this case was appointed by the Director of the PTO, who is not the Head of a Department. This Court has described such an appointment as a "structural constitutional" violation because the Appointments Clause "focuses on the danger of one branch's aggrandizing its power at the expense of another branch" and "preserves another aspect of the Constitution's structural integrity by preventing the diffusion of the appointment power." *Freytag* v. *Comm'r of Internal Revenue*, 501 U.S. 868, 878 (1991). Thus, this Court has "'heard here and determined upon [their] merits'" Appointments Clause objections even where they "'ha[ve] not been raised in the District Court or in the Court of Appeals or even in this Court until the filing of a supplemental brief upon a second request for review.'" *Id.* at 879 (quoting *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 536 (1962) (plurality opinion)).

The PTO argued in its response to Petitioner's rehearing request that the Appointments Clause challenge should have been raised before the Board rendered its decision. But the Board does not announce its panel members prior to briefing and Petitioner did not know their identity until the oral argument. Moreover, "[a]gencies do not ordinarily have jurisdiction to pass on the constitutionality of any federal statutes." *Nebraska* v. *EPA*, 331 F.3d 995, 997 (D.C. Cir. 2003) (citing *Thunder Basin Coal Co.* v. *Reich*, 510 U.S. 200, 214 (1994)). That is particularly so with respect to a claim, as in this case, that an agency's statute is unconstitutional. "It [i]s hardly open to . . . an administrative agency . . . to entertain a claim that the statute which created it

was in some respect unconstitutional." *Robertson* v. *Fed. Election Comm'n*, 45 F.3d 486, 489 (D.C. Cir. 1995).

Petitioner did not raise the Appointments Clause issue in its merits brief to the Federal Circuit because the article by Professor John Duffy exposing the unconstitutionality of the PTO's appointments process, *supra* note 1, was not published until July 2007, months after briefing and oral argument were complete. Nonetheless, the Appointments Clause issue was fully developed in the petition for rehearing and rehearing *en banc*. The Federal Circuit declined to decide the issue when it denied that petition.

REASONS FOR GRANTING THE WRIT

I. This Case Presents A Structural Constitutional Issue That This Court Has Regularly Decided.

The panel of the Board of Patent Appeals and Interferences that rejected Petitioner's patent was constituted in violation of the Appointments Clause because one of its three members was appointed by the Director of the PTO, who is not the Head of a Department or otherwise qualified to appoint inferior officers of the United States.

The Federal Circuit's failure to decide the Appointments Clause issue can never become the subject of a conflict with other circuits or with a state court because the Federal Circuit has exclusive jurisdiction over appeals from the Board. *See* 28 U.S.C. § 1295; 35 U.S.C. §§ 141, 145. In such cases,

this Court has not hesitated to review important questions of constitutional or federal statutory law. *See e.g.*, *KSR Int'l Co.* v. *Teleflex, Inc.*, 127 S. Ct. 1727 (2007) (reviewing Federal Circuit decision under § 103 of Title 35, the "obviousness" provision of the Patent Act); *Microsoft Corp.* v. *AT&T Corp.*, 127 S. Ct. 1746 (2007) (reviewing decision under § 271(f) of Title 35, the infringement provision of the Patent Act). Petitioner's case similarly involves 35 U.S.C. § 6, over which the Federal Circuit has exclusive jurisdiction, but raises a constitutional, as opposed to statutory, issue. As discussed throughout this petition, this Court has addressed Appointments Clause violations on their merits because of the threat they pose to fundamental separation of powers principles. *See Freytag*, 501 U.S. at 879; *Glidden*, 370 U.S. at 536.

The denial of Petitioner's right to a hearing before a properly-constituted panel of the Board had serious consequences in this case. The Board's order was given determinative effect in a companion patent infringement case. In *Translogic Technology Inc.* v. *Hitachi, Ltd., et al.*, Nos. 2005-1387, 2006-1333, slip op. at 2 (Fed. Cir. Oct. 12, 2007) (Pet. App. 113a-117a), the Federal Circuit set aside a jury verdict for $86.5 million in favor of Petitioner based upon its affirmance of the Board's action in this case.

II. The Federal Circuit Left Uncorrected An Appointments Clause Violation That the PTO Did Not Dispute.

The PTO does not dispute that one of the three PTO patent judges who rejected Petitioner's patent

was appointed in violation of the Appointments Clause of the United States Constitution. Specifically, Administrative Patent Judge Nappi was appointed after March 29, 2000,[2] when a new statute providing for appointment of such judges by the Director of the PTO took effect. *See* Duffy, *supra* note 1, at 21.

Under *Freytag* v. *Commissioner of Internal Revenue*, 501 U.S. 868, 881-82 (1991), and *Nguyen* v. *United States*, 539 U.S. 69, 83 (2003), it is clear that one member of the Board's panel that decided the validity of Petitioner's patent did so in violation of the Appointments Clause. That defect is obvious. The Appointments Clause allows Congress to vest the appointment of inferior Officers only in the President alone, the Courts of Law, or the Heads of Departments. It is undisputed that PTO patent judges are "inferior officers" and that the Director of the PTO is not the "Head of a Department."

This Court has strictly interpreted the Appointments Clause:

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[2] *See U.S. Patent and Trademark Office, Bruce H. Stoner, Jr., Chief Administrative Patent Judge, An Introduction to the Board* 7 (Sept. 9, 2002), http://www.ipo.org/AM/Template.cfm?Section=Home&Template=/CM/ContentDisplay.cfm&ContentID=8638; *see also* Bruce H. Stoner, Jr., *Extrajudicial Statements—Welcome: From Patent Judge to Private Practice, The Patent Lawyer*, Spring 2004, at 24, http://www.aplf.org/images/pdf/APLF-Patent-Lawyer-Spring-2004.pdf (noting that Administrative Patent Judge Nappi assumed his duties in April 2004).

> Despite Congress' authority to create offices and to provide for the method of appointment to those offices, "Congress' power . . . is inevitably bounded by the express language of Article II, cl. 2, and unless the method it provides comports with the latter, the holders of those offices will not be Officers of the United States."

Freytag, 501 U.S. at 883 (quoting *Buckley*, 424 U.S. at 138-39). The Court has instructed that the Appointments Clause must not be read "as merely dealing with etiquette or protocol," *Buckley*, 424 U.S. at 125, but instead must be understood as addressing "one of the American revolutionary generation's greatest grievances against executive power"—the "manipulation of official appointments," *Freytag*, 501 U.S. at 883 (quotation marks omitted). "[T]he power of appointment to offices was deemed the most insidious and powerful weapon of eighteenth century despotism." *Id.* (quotation marks omitted). "The Framers understood . . . that by limiting the appointment power, they could ensure that those who wielded it were accountable to political force and the will of the people." *Id.* at 884.

PTO patent judges are not those "Officers of the United States" (such as members of the President's Cabinet) who must be appointed by the President with the advice and consent of the Senate, but they are, pursuant to this Court's decision in *Freytag*, "inferior Officers" whose appointments are subject to the Appointments Clause.

"Any appointee exercising significant authority pursuant to the laws of the United States

is an Officer of the United States, and must, therefore, be appointed in the manner prescribed by § 2, cl. 2, of Article II." *Freytag*, 501 U.S. at 881 (quoting *Buckley*, 424 U.S. at 126) (alterations omitted). In *Freytag*, this Court concluded that "special tax judges" of the U.S. Tax Court are inferior officers subject to the Appointments Clause, and not merely employees of the Tax Court, because: (1) their office is established by law, with their duties, salary, and means of appointment specified by statute; (2) they perform "more than ministerial tasks;" (3) they "take testimony, conduct trials, rule on the admissibility of evidence, and have the power to enforce compliance with discovery orders;" and (4) they "exercise significant discretion." *Id.* at 881-82. The Court reached this conclusion even though special tax judges in some cases are authorized "only to hear the case and prepare proposed findings and an opinion," with the "actual decision then . . . rendered by a regular judge." *Id.* at 873.

PTO patent judges exercise significantly greater authority than special tax judges. As Professor Duffy explains, *see* Duffy, *supra* note 1, at 22-23, PTO patent judges are officers established by law, *see* 35 U.S.C. § 6, and "are full members of the Board . . . . Their powers include the ability to run trials, take evidence, rule on admissibility and compel compliance with discovery orders."[3] Panels

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[3] Duffy, *supra* note 1, at 22, citing 37 C.F.R. §§ 41.125 (Board's power to rule on motions), 41.150-51 (Board's powers to order discovery), 41.152 (applying the Federal Rules of Evidence to contested cases).

consisting of at least three members of the Board, as in this case, hear appeals, *see* 35 U.S.C. § 6(b), and the Board's decision may be appealed to an Article III court, *see id.* §§ 141, 145. The Director of the PTO retains only a limited role with respect to the Board. *See* Duffy, *supra* note 1, at 23. Comparing PTO patent judges serving on the Board to the special tax judges in *Freytag*, it is clear that PTO patent judges exercise authority that goes beyond that of the special tax judges in *Freytag*.

Under the Appointments Clause an inferior officer such as a PTO patent judge must be appointed by: "the President . . . , . . . the Courts of Law, or . . . the Heads of Departments." U.S. CONST. art. II, § 2, cl. 2. Under 35 U.S.C. § 6(a), however, PTO patent judges since March 29, 2000 have been appointed by the Director of the PTO.[4] As the Director is not the President, only two other possibilities would satisfy the Appointments Clause: (1) the PTO is a department with the Director as its head; or (2) the PTO is one of "the Courts of Law." For good reason, the PTO made neither of these arguments in the Federal Circuit.

First, the PTO Director is not the Head of a Department. This Court has construed "Heads of Departments" strictly and has determined that it allows appointments only by heads of "executive

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[4] *See* Intellectual Property and Communications Omnibus Reform Act of 1999, Pub. L. No. 106-113, §§ 4717, 4731, 113 Stat. 1501, 1501A-580-81 (1999); *see also* Duffy, *supra* note 1, at 26.

divisions like Cabinet-level departments." *Freytag*, 501 U.S. at 886. This Court so held after conducting an extensive historical analysis and noting that "[t]he Clause reflects our Framers' conclusion that widely distributed appointment power subverts democratic government." *Id.* at 885. The PTO is by statute "an agency of the United States, within the Department of Commerce," 35 U.S.C. § 1(a); *see also* 15 U.S.C. § 1511(4), and the Director, as head of a subunit of the Department of Commerce, is not a Head of Department under *Freytag*. Instead, the PTO Director is "an Under Secretary of Commerce for Intellectual Property." 35 U.S.C. § 3(a)(1).

Second, the PTO is not a Court of Law. To determine whether an entity is a Court of Law, *Freytag* holds that courts must examine an entity's "functions to define its constitutional status and its role in the constitutional scheme," and requires courts further to look to whether an entity "exercises judicial, rather than executive, legislative, or administrative power." 501 U.S. at 890-91. By statute, the PTO is "responsible for the granting and issuing of patents and the registration of trademarks." 35 U.S.C. § 2(a)(1). Unlike the Tax Court in *Freytag*, which was "independent of the Executive and Legislative Branches," 501 U.S. at 891, the PTO is an executive agency that is "subject to the policy direction of the Secretary of Commerce," 35 U.S.C. § 1(a); *see also* 15 U.S.C. § 1511(4) (the PTO "shall be under the jurisdiction and subject to the control of the Secretary of Commerce"). Indeed, besides PTO patent judges, agency officials such as the Director, the Commissioner for Patents, and the

Commissioner for Trademarks, are authorized to sit on the Board. *See id.* § 6(a).

The Board must sit with at least three duly-appointed members. *See* 35 U.S.C. § 6(a). Because at least one member deciding Petitioner's case was not duly appointed, the Board's decision must be vacated. As this Court has held, an order entered by a three-judge panel where one judge was not qualified at the outset to serve should be vacated and remanded for further proceedings. *See Nguyen* v. *United States*, 539 U.S. 69, 82-83 (2003).

III. Violation of the Appointments Clause in a Matter on Direct Review Requires Vacation of the Board's Decision.

A. The "*De Facto* Officer" Doctrine Does Not Apply in a Case on Direct Review.

Before the Federal Circuit, the PTO invoked the "*de facto* officer" doctrine described in *Buckley* v. *Valeo*, 424 U.S. 1 (1976), where this Court accorded *de facto* validity in response to a challenge to all past acts of the Federal Election Commission. The PTO's argument, however, rests upon one paragraph in *Buckley*, *see* 424 U.S. at 142, that this Court has, in a subsequent unanimous decision, limited:

> To the extent these civil cases [referring to *Buckley* and certain voting rights cases] may be thought to have implicitly applied a form of the *de facto* officer doctrine, we are not inclined to extend them beyond their facts.

Ryder v. *United States*, 515 U.S. 177, 184 (1995) (refusing to apply the *de facto* officer doctrine in a challenge on direct review to the composition of the Coast Guard Court of Military Review). The PTO virtually ignored this Court's most recent decision refusing on direct review to apply the *de facto* officer doctrine to a case, on all fours with this one, involving the appointment of a non-Article III judge to a three-judge panel of an Article III court. *See Nguyen*, 539 U.S. at 83 (remanding for a hearing before a properly-constituted panel).

The paragraph in *Buckley* relied upon by the PTO addresses a challenge entirely different from the issue in this case. *Buckley* accorded "*de facto* validity" to all of "[t]he past acts of the [Federal Election] Commission, just as would be the case with respect to legislative acts performed by legislators held to have been elected in accordance with an unconstitutional apportionment plan." 424 U.S. at 142. *Buckley*, however, is not analogous to a case on direct review like this one because the Court has specifically refused to apply the *de facto* officer doctrine where a party challenges on *direct review* a specific action taken by an improperly appointed officer in a case it has jurisdiction to review.

This Court's recent decisions make clear that the approach taken in *Buckley* to facial challenges of all past acts of an improperly-appointed officer is inapplicable in a challenge on direct review to the constitutionality of the decision being reviewed. For example, *Ryder* unanimously rejected the argument that *Buckley* and *Connor* v. *Williams*, 404 U.S. 549 (1972) (a voting rights case that "did not involve a defect in a specific officer's title, but rather a

challenge to the composition of an entire legislative body," *Ryder*, 515 U.S. at 183), should apply to cases on direct review. As the Court explained:

> We think that one who makes a timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case is entitled to a decision on the merits of the question and whatever relief may be appropriate if a violation indeed occurred. Any other rule would create a disincentive to raise Appointments Clause challenges with respect to questionable judicial appointments.

Id. at 182-83. The Court further noted that a decision to reverse the judgment due to an Appointments Clause violation would "affect only 7 to 10 cases pending on direct review" and thus would avoid any "grave disruption or inequity." *Id.* at 185. Similarly, in this case, only a small subset of the Board's decisions are presently subject to direct review. *See supra* pp. 2-3. In *Ryder*, the Court reversed the petitioner's convictions and remanded for a hearing before a properly appointed panel. *Id.* at 188.

In *Nguyen*, the Court reached the same result, vacating a Ninth Circuit decision where one member of the three-judge panel was not an Article III judge and thus could not serve on a Ninth Circuit panel. 539 U.S. at 82-83. Moreover, while the *Ryder* petitioner had "made a timely challenge" to the composition of the Coast Guard Court of Military Review while his case was pending before that court, in *Nguyen* the Court heard the petitioners' challenge

to the composition of the Ninth Circuit panel even though petitioners had not raised the issue until the petition for certiorari. *Id.* at 73. (Here, Petitioner asked the Federal Circuit to decide the Appointments Clause issue in its rehearing request; the Federal Circuit denied the request without opinion.) The Court in *Nguyen* declined to hold that the panel's action was valid *de facto*, noting that at issue was not a "'merely technical' defect of statutory authority." *Id.* at 77 (quoting *Glidden*, 370 U.S. at 535). Rather, the Court noted that "we have agreed to correct, at least on direct review, violations of a statutory provision that 'embodies a strong policy concerning the proper administration of judicial business' even though the defect was not raised in a timely manner." *Id.* at 78 (quoting *Glidden*, 370 U.S. at 536).

B. The Constitutional Violation Here is Not a "Technical Defect."

Before the Federal Circuit, both the PTO and the Hitachi Intervenors attempted to portray the Appointments Clause violation in this case as a merely "technical defect." Far from it: This Court has held that a "merely technical" defect involves, for example, *constitutionally* appointed judges who have been improperly assigned through misapplication of a *statute* to a different district. *See Ryder*, 515 U.S. at 181; *Nguyen*, 539 U.S. at 77-78 (both citing *McDowell* v. *United States*, 159 U.S. 596 (1895) and *Ball* v. *United States*, 140 U.S. 118 (1891)). As the Court explained in *Nguyen*, "[t]he difference between the irregular judicial designations in *McDowell* and *Ball* and the impermissible panel designation in this instant case is therefore the difference between an

action which could have been taken, if properly pursued, and one which could never have been taken at all." 539 U.S. at 79. Thus, the actions of a *validly-appointed* judge serving in the wrong district might be upheld as valid on a *de facto* basis in very limited circumstances. But this Court has never sustained on direct review the actions of an individual who is incompetent to serve as a judge in the first place. As "[t]his Court [has] succinctly observed: 'If the statute made him incompetent to sit at the hearing, the decree in which he took part was unlawful, and perhaps absolutely void, and should certainly be set aside or quashed by any court having authority to review it by appeal, error or certiorari.'" *Id.* at 78 (quoting *Am. Constr. Co.* v. *Jacksonville, T. & K. W. Ry. Co.*, 148 U.S. 372, 387 (1893)).

Thus, in *Ryder*, this Court specifically contrasted "technical" defects with a violation of the Appointments Clause, noting that Ryder's "claim is based on the Appointments Clause of Article II of the Constitution—a claim that there has been a 'trespass upon the executive power of appointment,' rather than the mere misapplication of a *statute* providing for the assignment of already appointed judges to serve in other districts." *Ryder*, 515 U.S. at 182 (quoting *McDowell*, 159 U.S. at 598) (emphasis added; citation omitted).

In contrast to a "merely technical" defect, the substantial question Petitioner raises goes to a "basic constitutional protection[] designed in part for the benefit of litigants." *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 536 (1962) (plurality opinion). As this Court explained in *Freytag*, the Court has applied the Appointments Clause strictly because the history of

"[t]he Clause reflects our Framers' conclusion that widely distributed appointment power subverts democratic government." 501 U.S. at 885. Allowing PTO patent judges to be appointed in direct violation of the Clause would subvert the very purpose of the Clause. Such challenges to this "basic constitutional protection" should "be examinable at least on direct review." *Glidden*, 370 U.S. at 536.

The PTO in the Federal Circuit sought to obscure the difference between a broad challenge to a technical defect and a narrow challenge on direct review to a constitutional violation by attempting to portray Petitioner's challenge as reaching "thousands of Board decisions entered over the past seven years." But Petitioner challenges only the appointment of one PTO patent judge in a matter that remains under direct review. There is simply no basis for according *de facto* validity to a constitutional violation implicating a specific action being challenged on direct review.

C. The Appointments Clause Issue Need Not and Could Not Be Raised Before the Board.

In the Federal Circuit, the PTO sought to avoid the Appointments Clause violation in this case by arguing that Petitioner "waived" its Appointments Clause objection by not raising it before the Board. This waiver argument fails on numerous grounds.

First, the Board does not announce the names of panel members who will be hearing an appeal until after a party has submitted its brief, and Petitioner did not know the identity of the panel

members until the argument, making it impossible to raise such a challenge through the agency's prescribed manner for hearing arguments.

Second, this is a constitutional challenge to the statute under which the Board's members were appointed, and "[a]gencies do not ordinarily have jurisdiction to pass on the constitutionality of any federal statutes." *Nebraska* v. *EPA*, 331 F.3d 995, 997 (D.C. Cir. 2003) (citing *Thunder Basin Coal Co.* v. *Reich*, 510 U.S. 200, 214 (1994)). "Because the constitutionality of a statutory provision is an issue beyond [the agency's] competence to decide, exhaustion is futile." *Ryan* v. *Bentsen*, 12 F.3d 245, 247 (D.C. Cir. 1993) (citing *Weinberger* v. *Salfi*, 422 U.S. 749, 765-66 (1975)); *see Reiter* v. *Cooper*, 507 U.S. 258, 269 (1993) (exhaustion is required only "[w]here relief is available from an administrative agency"); *see also McCarthy* v. *Madigan*, 503 U.S. 140, 147-48 (1992).

This restriction applies here with special force, where Petitioner seeks a ruling that a section of the PTO's own statute is unconstitutional. "It [i]s hardly open to . . . an administrative agency . . . to entertain a claim that the statute which created it was in some respect unconstitutional." *Robertson* v. *Fed. Election Comm'n*, 45 F.3d 486, 489 (D.C. Cir. 1995). That is especially so in this case, given that the Board is a sub-unit of the PTO, which is itself a sub-unit of the Department of Commerce, and has no authority to hold that a statute administered under the authority of the Department of Commerce is unconstitutional.

Third, this Court has made clear in Appointments Clause cases that where an Appointments Clause challenge is "neither frivolous

nor disingenuous," and the "alleged defect in the appointment . . . goes to the validity of the . . . proceeding that is the *basis* for this litigation," *Freytag*, 501 U.S. at 879 (emphasis added), the challenge should be heard on its merits. Indeed, this Court has noted that it has heard Appointments Clause challenges even where they "'ha[ve] not been raised in the district court or in the court of appeals or even in this Court until the filing of a supplemental brief upon a second request for review.'" *Freytag*, 501 U.S. at 879 (quoting *Glidden*, 370 U.S. at 536 (citing *Lamar* v. *United States*, 241 U.S. 103 (1916))). The Court has thus noted that "*Glidden* expressly included Appointments Clause objections to judicial officers in the category of nonjurisdictional structural constitutional objections that could be considered on appeal" regardless of whether they were raised below. *Id.* at 878-79.[5]

As in *Freytag*, the Appointments Clause argument raised by Petitioner is substantial because "the alleged defect in the appointment . . . goes to the validity of the . . . proceeding that is the basis of this litigation." *Id.* at 879. Thus, not only is the Court entitled to hear Petitioner's Appointments Clause

---

[5] The constitutional violation at issue in this case thus differs significantly from the Administrative Procedure Act ("APA") challenge to the appointment of an administrative examiner in *United States* v. *L.A. Tucker Truck Lines, Inc.*, 344 U.S. 33, 35 (1952). *L.A. Tucker* involved an argument that an agency had not complied with a section of the APA, where there was no "excuse for [the] failure to raise the objection." *Id.* at 35. The present case, in contrast, involves an Appointments Clause violation that the Board was not authorized to resolve.

challenge, the "strong interest of the federal judiciary in maintaining the constitutional plan of separation of powers," *Glidden*, 370 U.S. at 536, weighs heavily in favor of the Court doing so.

No party has refuted Petitioner's argument that its administrative appeal was heard by a panel including a PTO patent judge who was appointed in violation of the Appointments Clause, and yet no Article III court has addressed that contention on its merits. Justice Harlan's statement in *Glidden Co.* provides a fitting conclusion for this petition:

> The alleged defect of authority here relates to basic constitutional protections designed in part for the benefit of litigants. It should be examinable at least on direct review, where its consideration encounters none of the objections associated with the principle of res judicata, that there be an end to litigation. . . . [There is a] strong interest of the federal judiciary in maintaining the constitutional plan of separation of powers. . . . We hold that it is . . . open to these petitioners to challenge the constitutional authority of the judges below.

370 U.S. at 536-37 (citations omitted).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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APRIL 2008

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Supreme Court, U.S.
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No. 07-(2)

IN THE
Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC.,

Petitioner,

v.

JON W. DUDAS, DIRECTOR,
PATENT AND TRADEMARK OFFICE,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

APPENDICES TO PETITION FOR A WRIT OF CERTIORARI

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APPENDIX A

United States Court of Appeals

for the Federal Circuit

2006-1192

(Re-examination Nos. 90/005,384; 90/005,823;
90/005,881;
90/006,051 and 90/006,392)

IN RE TRANSLOGIC TECHNOLOGY, INC.

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Appealed from: United States Patent and Trademark Office

Board of Patent Appeals and Interferences

United States Court of Appeals

for the Federal Circuit

2006-1192

(Re-examination Nos. 90/005,384; 90/005,823; 90/005,881; 90/006,051 and 90/006,392)

IN RE TRANSLOGIC TECHNOLOGY, INC.

DECIDED: October 12, 2007

Before MAYER, RADER, and PROST, Circuit Judges.

RADER, Circuit Judge.

The United States Patent and Trademark Office's Board of Patent Appeals and Interferences ("Board") upheld the examiner's rejection of U.S. Patent No. 5,162,666 ("the '666 patent") in a reexamination proceeding, Appeal No. 2005-1050. Because the '666 patent would have been obvious at the time of invention, this court affirms.

I

The United States Patent and Trademark Office issued the '666 patent, entitled "Transmission Gate Series Multiplexer", on November 10, 1992 from an application filed on March 15, 1991. In addition to this appeal from the Board's decision, the '666 patent is the subject of a patent infringement litigation between Translogic Technology, Inc. ("Translogic") and Hitachi, Ltd. et al. ("Hitachi") in the United States District Court for the District of Oregon. The district court case began on March 24, 1999. Thereafter, on June 4, 1999 and ending on September 27, 2002, Hitachi filed five third-party requests for reexamination of the '666 patent. The Patent Office merged the various requests into a single proceeding. On March 8, 2004, the merged reexamination resulted in the rejection of claims 16, 17, 39-45, 47 and 48 under 35 U.S.C. § 103(a) because they would have been obvious at the time of invention. The Patent Office found the claims obvious in light of the references Gorai or Tosser in view of Weste. During the reexamination proceedings, Translogic cancelled original claims 1-15 and 18-27, and newly added claims 28-38 and 46. Translogic then appealed to the Board. On July 14, 2005, the Board affirmed the rejection. The Board denied Translogic's request for reconsideration. Translogic then appealed the Board's decision to this court.

During this entire reexamination process, the district court infringement case proceeded in parallel. In October 2003, a jury upheld the patent as valid. In February 2005, the district court granted

summary judgment of infringement with respect to some, but not all, of Hitachi's accused products. In May 2005, a jury found Hitachi had induced infringement and held Hitachi liable for $86.5 million in damages. The district court entered a permanent injunction, which, after Hitachi's interlocutory appeal, this court stayed.

After post-trial briefing, the district court entered final judgment against Hitachi in December 2005. Hitachi appealed to this court. This court consolidated the interlocutory appeal with the appeal from the final judgment and added Translogic's reexamination appeal from the Board to the same panel. This opinion only addresses Translogic's reexamination appeal from the Board.

The '666 patent deals with multiplexers. A multiplexer is a type of electrical circuit. A multiplexer has multiple inputs, one or more control lines, and one output. The signals on the control lines select one of the various inputs to be passed to the output. In a 2:1 multiplexer, a single output value is selected from two inputs. Similarly, in 4:1 and 8:1 multiplexers, a single output is selected from among four or eight inputs, respectively. Thus, the invention selects one of the multiple inputs to pass to the output.

The number of control lines (x) for a conventional multiplexer depends on the number of inputs to the multiplexer. Generally, a given number of control lines (x) can select one output from among a maximum of 2^x inputs. In a 2:1 multiplexer, a single control line (x = 1) can select between 2^1 or 2

inputs, therefore x = 1. In a 4:1 multiplexer, two control lines (x = 2) are used to select among 2^2 or 4 inputs, and in an 8:1 multiplexer, three control lines (x = 3) can select between 2^3 or 8 inputs.

Figure 1 of U.S. Patent No. 5,012,126 (referenced by the '666 patent) shows a 4:1 conventional multiplexer. Lines 16, 18, 20 and 22 are inputs, lines 12 and 14 are control lines and line 24 is the output. The control lines will select which input (i.e., 16, 18, 20 or 22) to pass to the output. This particular circuit passes the inverse of the selected input to the output.[1] For example, if line 12 is a logic 0 and line 14 is a logic 1, then the circuit passes the inverse of the signal on line 18 to output line 24. As another example, if line 12 is a logic 1 and line 14 is a logic 1, then the circuit passes the inverse of the signal on line 16 to output line 24.

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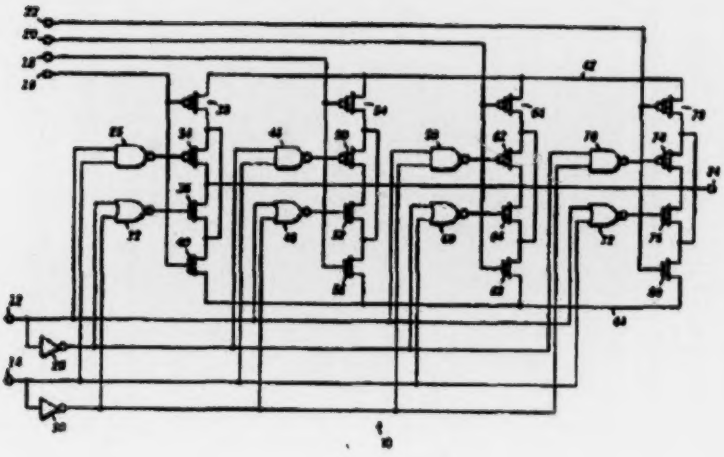
[1] The inverse of a signal is often used in circuits and does not change the multiplexer function.

(7a)



Control Line 12	Control Line 14	Output 24
0	0	Inverse of Line 22
1	0	Inverse of Line 20
0	1	Inverse of Line 18
1	1	Inverse of Line 16

The '666 patent describes a multiplexer that couples together multiple stages of 2:1 multiplexers in series. The '666 patent specifically uses a transmission gate multiplexer ("TGM") as each 2:1 multiplexer. Figure 3 of the '666 patent (see below) illustrates a 4:1 series multiplexer that connects three TGMs (i.e., A, B and C) in series. The inputs are I0, I1, I2 and I3, the output is Z and the control lines are S1, S2 and S3. While a conventional 4:1 multiplexer would have two control lines, the 4:1

series multiplexer, according to the '666 patent configuration, has three control lines.

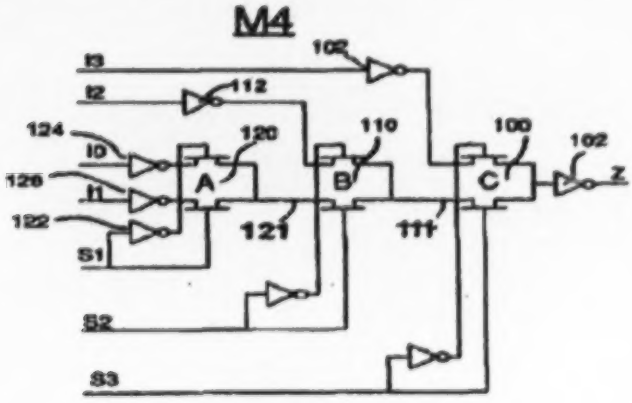


FIG 3

In the figure above, lines S1, S2, and S3 are control lines and lines I0, I1, I2, and I3 are input lines. The series multiplexer operates in cascade by passing the selected input to the output in a series of selections. For example, for the input on I1 to be passed to output Z, S1 must be a logic 1 to pass I1 to the input of TGM B on line 121, S2 must also be a logic 1 to pass I1 to the input of TGM C via line 111, and finally S3 must be a logic 1 to pass the output of TGM B to the output of TGM C. In other words, the line 1 input must prevail in each selection phase. In another example, I3 would be passed to the output Z by setting S3 to logic 0. When the signal on S3 is a logic 0, control lines S1 and S2 do not influence the output because TGM C will pass the value on I3 directly from the input line I3 to the output Z.

The claims on appeal specify multiplexers with multiple 2:1 TGMs connected in series. In the series configuration, the output of one TGM connects

to one input of the next TGM. Each TGM is known as a stage. A multiplexer built from a series of TGMs has p control inputs and (p+1) data inputs for a total of (2p+1) overall inputs. For example, a 4:1 series multiplexer has p=3 control inputs and 4 data inputs thereby resulting in 7 ((2*3) + 1 = 7) overall inputs whereas a conventional 4:1 multiplexer has 4 inputs and 2 control inputs, resulting in 6 overall inputs. During the reexamination, Translogic agreed that all of the claims on appeal stood or fell with claims 47 and 48:

> 47. A multiplexer circuit comprising:
>
> a first stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;
>
> the first and second signal input terminals coupled to receive first and second input variables, respectively;
>
> the control input coupled to receive a first control signal;
>
> a second stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;
>
> one of the second stage input terminals coupled to the first stage output terminal; the other one of the second stage signal input terminals coupled to receive a third input variable;
>
> the second stage control input terminal

coupled to receive a second control signal;

a third stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

one of the third stage input terminals coupled to the second stage output terminal;

the other one of the third stage input terminals coupled to receive a fourth input variable;

and the third stage control input variable coupled to receive a third control signal whereby the circuit forms a 4:1 multiplexer.

48. A multiplexer circuit comprising:

a first stage TGM circuit having first and second signal input terminals, a control input terminal, and an output terminal;

the first and second signal input terminals coupled to receive first and second input variables, respectively;

the control input terminal coupled to receive a first control signal;

a second stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

one of the second stage signal input terminals coupled to the first stage output terminal;

the other one of the second stage signal input terminals coupled to receive a third input variable;

the second stage control input terminal coupled to receive a second control signal;

a third stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

one of the third stage signal input terminals coupled to the second stage output terminal;

the other one of the third stage signal input terminals coupled to receive a fourth input variable;

the third stage control input terminal coupled to receive a third control signal;

a fourth stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

one of the fourth stage signal input terminals coupled to the third stage output terminal;

the other one of the fourth stage signal input terminals coupled to receive a fifth input variable; and

the fourth stage control input terminal coupled to receive a fourth control signal; whereby the circuit forms a 5:1

multiplexer.

The Board affirmed the rejection of claims 47 and 48 as obvious under § 103(a). In applying the obviousness test, the Board relied on Gorai combined with Weste, as well as Tosser combined with Weste. The Gorai and Tosser references are technical articles; the Weste reference is a textbook:

Gorai, R.K., and Pal, A., Automated synthesis of combinational circuits by cascade networks of multiplexers, IEE Proc., Vol. 137, Pt. E, No. 2, March 1990, pages 164-170.

Weste, Neil H.E., and Eshraghian, Kamran, Principles of CMOS VLSI Design: A Systems Perspective (Addison-Wesley Publ. Co. 1985), pages 14-17 and 172-175.

Tosser, A.J., and Aoulad-Syad, D., Cascade networks of logic functions built in multiplexer units, IEE Proc., Vol. 127, Pt. E, No. 2, March 1980, pages 64-68.

The Board found that Fig. 3 of Gorai (see below) discloses a three-stage multiplexer circuit with four inputs (h_p, g_p, h_{p-1}, h_1) and three control inputs (x_p, x_{p-1} and x_1).

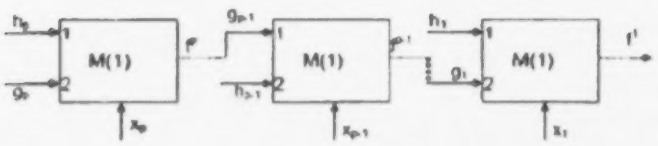


Fig. 3 A cascade network of p-stages of M(1)s

The Board found that Gorai does not disclose use of TGMs for each multiplexer stage (i.e., M(1)) in Fig. 3. The Board, however, found that Weste taught a 2:1 TGM circuit to transfer a logic 0 or a logic 1 between the input and output. The Weste reference discloses and teaches a TGM in its Figs. 1.10 (a) and (b). The figures show the use of complementary switches to pass logic Os and logic 1s.

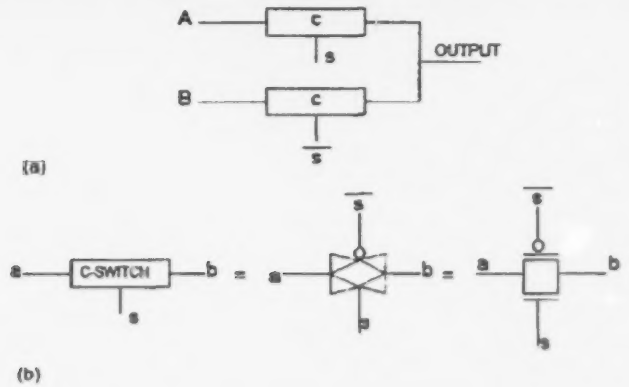


Fig. 1.10. A CMOS 2-input multiplexer

The Board thus found that a person of ordinary skill in the art would have been motivated to use a TGM circuit as taught in Weste for the multiplexer stages in Gorai.

The Board also found that Fig. 9 of Tosser (see below) teaches a 4:1 multiplexer built from three 2:1 multiplexer stages connected in series.

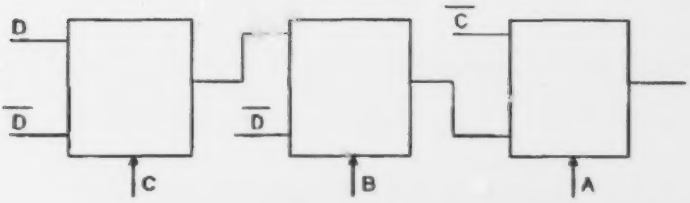


Fig. 9 Cascade 2-input MUX network derived from Fig.

Like the Gorai reference, Tosser does not disclose the use of TGMs for the multiplexer stages. Once again, the Board found that a person of ordinary skill in the art would have been motivated to use a TGM circuit as taught in Weste for the multiplexer stages in Tosser.

While the Board interpreted a number of claim terms during its proceedings, one claim term is important for this appeal. The Board interpreted the term "coupled to receive" in the claim phrase "control input terminal 'coupled to receive' a control signal" as a "[t]erminal capable of receiving a control signal. The control signal itself is not part of the claimed structure." Ex parte Translogic Tech., Inc., Appeal No. 2005-1050, Board of Patent Appeals and Interferences (May 31, 2005).

II

This court reviews claim construction without deference. Cybor Corp. v. FAS Techs. Inc., 138 F.3d 1448, 1456, 46 USPQ2d 1169, 1174 (Fed. Cir. 1998) (en banc); Markman v. Westview Instruments, Inc., 52 F.3d 967, 979 (Fed. Cir. 1995), aff'd, 517 U.S. 370 (1996). "[D]uring examination proceedings, claims

are given their broadest reasonable interpretation consistent with the specification." In re Hyatt, 211 F.3d 1367, 1372 (Fed. Cir. 2000).

Section 103 within title 35 of the U.S. Code "forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" KSR Int'l Co. v. Teleflex Inc., 550 U.S. ----; 127 S.Ct. 1727, 1734 (2007); (quoting 35 U.S.C. § 103). "Determination of obviousness under 35 U.S.C. § 103 is a legal conclusion based on underlying facts." In re Kumar, 418 F.3d 1361, 1365 (Fed. Cir. 2005). This court reviews "the Board's ultimate determination of obviousness de novo." In re Kotzab, 217 F.3d 1365, 1369 (Fed. Cir. 2000). However, the Board's underlying findings of fact receive review for substantial evidence. Id. "If the evidence in [the] record will support several reasonable but contradictory conclusions, we will not find the Board's decision unsupported by substantial evidence simply because the Board chose one conclusion over another plausible alternative." In re Jolley, 308 F.3d 1317, 1320 (Fed. Cir. 2002).

III

Translogic puts forth three major arguments that the Board erred in holding the claims of the '666 patent obvious over Gorai in view of Weste. First, Translogic contends that the Board incorrectly construed the claim term "coupled to receive."

Second, Translogic contends that the Gorai reference is not relevant prior art with respect to the '666 patent. Third, Translogic contends that the Gorai reference does not disclose the use of TGMs, or in other words, that the record shows no motivation, in Weste or otherwise before the time of invention, to use TGMs for circuits in series. In effect, the Weste reference merely describes TGMs but does not suggest their use in this purported inventive combination.

The Board construed the term "coupled to receive" signals to mean terminals merely "capable of receiving" signals. Translogic argues that the Board should follow the claim construction in the companion infringement case from the United States District Court for the District of Oregon. The Oregon District Court determined that "signal input terminal 'coupled to receive' an input variable" would mean "connected to receive an input variable, directly or through one or more intervening inverters or buffers." Translogic Tech., Inc. v. Hitachi, Ltd., Hitachi America, Ltd., and Renesas Tech. America, Inc., Civ. No. 99-407-PA (D. Or. May 12, 2005) (Claim Construction Chart). Under this construction, representative claims 47 and 48 require each input and control input terminal to be connected to receive a variable signal from a different source. Thus, according to Translogic, the Gorai reference does not disclose that each input and control input terminal must receive a variable signal from a different source. Instead, according to Translogic, Gorai teaches logic circuits with input terminals coupled to share signals and receive constants.

In Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005) (en banc), this court set forth the best practices for claim construction. According to that decision, the words of a claim "are generally given their ordinary and customary meaning." Id. at 1312. The ordinary and customary meaning "is the meaning that the term would have to a person of ordinary skill in the art in question." Id. at 1313. For this reason, "claims must be read in view of the specification, of which they are a part." Id. at 1315. (internal quotations omitted). The specification "is the single best guide to the meaning of a disputed term." Id.

Representative claim 47, like representative claim 48, clearly claims a multiplexer circuit with a number of 2:1 TGMs connected in series. While claim 47 specifies a 4:1 multiplexer, claim 48 specifies a 5:1 multiplexer. Both claims specify that the multiplexer circuit connects 2:1 TGMs in series. Thus, under the terms of the patent, an N:1 multiplexer connects (N-1) TGMs in series with each TGM controlled by a corresponding (N-1) control input signal. '666 Patent col.3 II.63-66. Fig. 3 from the '666 patent shows the claimed circuit for the 4:1 multiplexer.

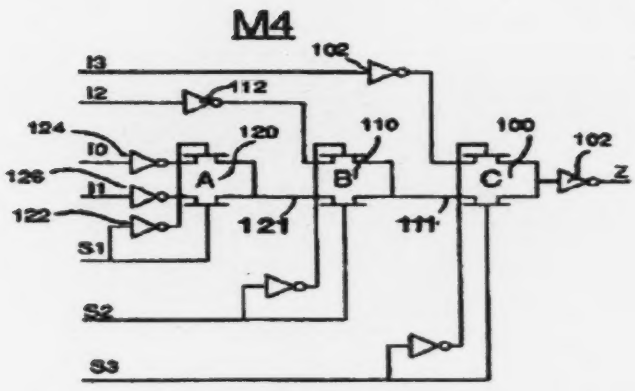


FIG 3

The words of the claim coupled with the specification define the term "input terminals 'coupled to receive' first and second input variables." First, the claim terms do not specify any structural connection for the input terminals. Furthermore, Fig. 3 of the '666 patent and the other figures show no structural connection for the input terminals (i.e., I0, I1, ... I(N-1)) or the control input terminals (i.e., S1, S2, S3). In fact, Translogic admits, as is proper for a structural circuit, that the input variables (i.e., signals) are not part of the claimed invention.

A claim language comparison also shows the proper construction for the term at issue for the '666 patent. Claim 47 has two similar, but significantly different phrases, "coupled to receive" and "coupled to." The term "coupled to" in the phrase "second stage input terminal 'coupled to' the first stage output terminal" defines a connection between the TGMs. In other words, "coupled to" in the context of this claim phrase defines the connection between two of the TGMs essential for a series multiplexer.

On the other hand, the term "coupled to receive" in the phrase "input terminals 'coupled to receive' first and second input variables" does not specify a particular connection. In other words, the claimed circuit does not require any specific input or connection. Instead, like any logic circuit, this part of the circuit only accepts inputs from an external source. As such, "coupled to" and "coupled to receive" are clearly different in the claimed '666 patent multiplexer circuit. As shown in Fig. 3 of the '666 patent, the input terminals (i.e., I0, I1, ..., I(N-1)) only need to be "capable of receiving" an input variable for the multiplexer circuit as claimed in the '666 patent. Even if the input terminals are not connected, the circuit claimed in the '666 patent defines a series multiplexer. Therefore, this court agrees with the Board's construction that "coupled to receive" means "capable of receiving." With the disputed term limitation decided, this court now turns to obviousness.

An invention is unpatentable as obvious if the differences between the patented subject matter and the prior art would have been obvious at the time of invention to a person of ordinary skill in the art. In re Gartside, 203 F.3d 1305, 1319 (Fed. Cir. 2000). In a recent case, the Supreme Court reiterated the basic principles for an obviousness inquiry. KSR Int'l Co. v. Teleflex Inc., 550 U.S. ----, 127 S.Ct. 1727 (2007). KSR featured rather simple technology—an adjustable throttle pedal for an automobile, the Engelgau patent (U.S. Pat. No. 6,237,565 ("the '565 patent")). Adjustable pedal technology accommodates an automobile throttle to drivers of different heights. This patented technology combined an adjustable

pedal with an electronic sensor to measure the pedal depression. Both of these features were in the prior art. An Asano patent claimed an adjustable pedal like Engelgau; a Rixon patent (as modified by a Smith reference) disclosed electronic calibration features like Engelgau. The PTO had not considered the Asano reference during the prosecution of the Engelgau patent.

When Teleflex sued KSR for infringement, the district court invalidated the '565 patent on summary judgment. This court reversed because the trial court had not made specific findings to show a teaching, suggestion, or motivation to combine ("TSM test"). The Supreme Court, in turn, reversed: "A person having ordinary skill in the art could have combined Asano with a pedal position sensor in a fashion encompassed by claim 4, and would have seen the benefits of doing so." KSR Int'l Co., 550 U.S. at ----, 127 S.Ct. at 1743.

On one level, KSR corrected a rather straightforward error. The error appears right before footnote 3 in this court's opinion:

> In this case, the Asano patent does not address the same problem as the '565 patent. The objective of the '565 patent was to design a smaller, less complex, and less expensive electronic pedal assembly. The Asano patent, on the other hand, was directed at solving the

"constant ratio problem."

Teleflex, Inc. v. KSR Int'l, Co., 119 Fed. App'x. 282, 288 (Fed. Cir. 2005). This passage overlooks the fundamental proposition that obvious variants of prior art references are themselves part of the public domain. See KSR Int'l Co., 550 U.S. at ----, 127 S.Ct. at 1743; Dystar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co., 464 F.3d 1356, 1361 (Fed. Cir. 2006); In re Dembiczak, 175 F.3d 994, 999 (Fed. Cir. 1999) ("We have noted that evidence of a suggestion, teaching, or motivation to combine may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, from the nature of the problem to be solved . . . ."). In the context of KSR, the Asano teachings and its obvious variants were relevant prior art, even if that patent did address a different problem (the constant ratio problem). The Supreme Court highlighted that error in its opinion:

> The primary purpose of Asano was solving the constant ratio problem; so, the court concluded, an inventor considering how to put a sensor on an adjustable pedal would have no reason to consider putting it on the Asano pedal. Common sense teaches, however, that familiar items may have obvious uses beyond their primary purposes, and in

> many cases a person of ordinary skill will be able to fit the teachings of multiple patents together like pieces of a puzzle. Regardless of Asano's primary purpose, the design provided an obvious example of an adjustable pedal with a fixed pivot point; and the prior art was replete with patents indicating that a fixed pivot point was an ideal mount for a sensor. The idea that a designer hoping to make an adjustable electronic pedal would ignore Asano because Asano was designed to solve the constant ratio problem makes little sense.

KSR Int'l Co., 550 U.S. at ----, 127 S.Ct. at 1742.

The Supreme Court also criticized this court's "rigid and mandatory" application of the motivation to combine test: "The obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents." Id. at 1741. Instead, the Supreme Court advised that "common sense" would extend the use of customary knowledge in the obviousness equation: "A person of

ordinary skill is also a person of ordinary creativity, not an automaton." Id. at 1742. Thus, the Supreme Court set aside any "rigid" application of the TSM test and ensured use of customary knowledge as an ingredient in that equation.

The Supreme Court observed that this court had also "elaborated a broader conception of the TSM test than was applied in [KSR]." Id. at 1743. Specifically the Court referred to Dystar Textilfarben GmbH & Co. v. C.H. Patrick Co., wherein this court noted: "Our suggestion test is in actuality quite flexible and not only permits, but requires, consideration of common knowledge and common sense." 464 F.3d 1356, 1367 (Fed. Cir. 2006) (emphasis original). The Court suggested that this formulation would be more consistent with the Supreme Court's restatement of the TSM test. KSR Int'l Co., 127 S.Ct. at 1739. In any event, as the Supreme Court suggests, a flexible approach to the TSM test prevents hindsight and focuses on evidence before the time of invention, see, e.g., In re Rouffet, 149 F.3d 1350, 1357 (Fed. Cir. 1998), without unduly constraining the breadth of knowledge available to one of ordinary skill in the art during the obviousness analysis.

This court finds that the claims of the '666 patent were unpatentable under 35 U.S.C. § 103(a). Gorai is within the scope of the relevant prior art because it both pre-dates the '666 patent filing date of March 15, 1991 and discloses series 2-input multiplexer circuits. See Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1535 (Fed. Cir. 1983). Moreover a person of ordinary skill in the art would

have a thorough understanding of electrical switching systems and knowledge of actual electrical implementations of multiplexers such as the TGMs in Weste.

Specifically, the Gorai reference uses serial connectivity of 2:1 multiplexers, each described as M(1), to realize logic functions. The subject matter of the Gorai reference explains an approach (i.e., algorithm) to analyze mathematical dependencies among desired inputs and then selects appropriate input connections as well as series connectivity between M(1) multiplexers to realize the specified logic function. For example, the Gorai algorithm could result in the circuit in Fig. 6 defined by logic function: $f2(x_1, x_2, x_3, x_4) = \sum (0, 5, 7, 8, 9, 12, 13)$.

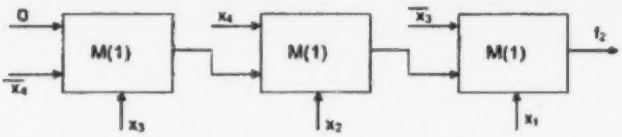


Fig. 6 Cascade network of f_2

In this appeal, Translogic proffers two arguments to attempt to show that the Gorai reference is not prior art with respect to the '666 patent. Initially, Translogic contends that neither the Gorai algorithm nor its circuit realizations provide a multiplexer function. In fact, since the entire point of Gorai's article revolves around logic, not multiplexing, with series connectivity among M(1) circuits, Translogic contends that Gorai teaches away from multiplexers. Next, Translogic contends that the Gorai reference discloses an algorithm

capable of providing designs for a large number of circuits, while the inventor of the '666 patent was modifying one circuit, a multiplexer, with utmost regard for its performance. In other words, while Gorai discloses an algorithm to design logic circuits based on functional parameters, the '666 patent improves a known circuit. In sum, Translogic's argument tries to state that the Gorai reference is not relevant prior art because the reference does not specifically disclose a N:1 series multiplexer but only discloses an algorithm to realize logic functions by using 2:1 multiplexers connected in series.

In its prior art argument, Translogic is making the same error corrected by the Supreme Court in KSR. Translogic mistakenly argues that variants of a circuit connecting 2:1 multiplexers in series are not relevant prior art with respect to the '666 patent because these variants do not address the same problem, namely an improved multiplexer circuit. However, this argument overlooks the fundamental proposition that the series circuits in Gorai are prior art within the public domain and the common knowledge of a person of ordinary skill in the art. Thus, the Gorai reference is a relevant prior art reference with respect to the '666 patent and clearly discloses a series 2:1 multiplexer circuit.

Translogic also puts forth a prior art argument based on the circuit inputs. Translogic contends that Fig. 3 in Gorai (see below) is a half-bare, incomplete circuit because all h and g inputs are undefined (variables or constants) and therefore the Fig. 3 circuit only shows three control inputs (x_1, x_{p-1} and x_p).

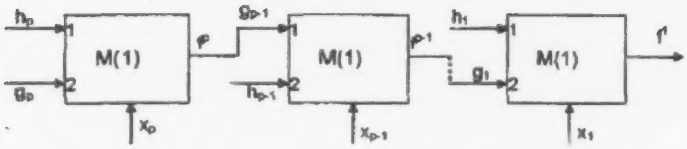


Fig. 3. A cascade network of p-stages of M(1)s

Therefore, Translogic states that the Gorai Fig. 3 circuit cannot be a multiplexer because the inputs are not specifically defined to realize a N:1 series multiplexer circuit (4:1 in this example).

Translogic's input argument is without merit. Claims 47 and 48 of the '666 patent define a series multiplexer circuit. Gorai Fig. 3 discloses the same serial multiplexer circuit. As any person of ordinary skill in the art would understand, the inputs tc a circuit do not change the circuit itself. Therefore, this court finds that Gorai discloses a series multiplexer circuit as claimed in the '666 patent. Thus, the Board was correct in concluding that the Gorai reference discloses a series multiplexer circuit.

Lastly, Translogic contends that Gorai does not teach or suggest the use of TGMs for each M(1) stage (i.e., 2:1 multiplexer). Translogic admits that the Weste reference does disclose a TGM circuit; however, Translogic argues that Weste provides no specific teaching, suggestion or motivation to use TGMs in a series circuit such as shown in Gorai Fig. 3. Furthermore, Translogic notes that Weste discloses a TGM used for a single multiplexer but does not include any reference to coupled TGMs in series. Thus, according to Translogic, the Weste reference does not provide the necessary teaching,

suggestion or motivation to combine the use of TGMs with the Gorai reference.

As articulated by the Supreme Court in KSR an obviousness analysis "need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." 550 U.S. at ---, 127 S.Ct. at 1741. In this case, a person of ordinary skill in the art at the time of the invention would have recognized the value of using a known element, a 2:1 TGM, as taught by Weste, for the 2:1 multiplexers in the series arrangement of multiplexers in Gorai. A person of ordinary skill in the art would have appreciated that any conventional multiplexer circuit could be utilized to implement the 2:1 multiplexer circuits in Gorai. After all, TGMs were well-known multiplexer circuits as evidenced by the Weste 1985 textbook. In other words, in looking for a multiplexer circuit for the individual 2:1 multiplexers disclosed in Gorai, a person of ordinary skill in the art would have solved this design need by "pursu[ing] known options within his or her technical grasp." Id. at 1742. Thus, this court agrees with the Board's determination. The Board based its decision on sound reasoning that a person of ordinary skill in the art would select a specific circuit based on the need for a 2:1 multiplexer circuit for the individual multiplexers shown in Gorai. Specifically, a person of ordinary skill in the art at the time of the invention would have been able to choose TGMs as an option. While other circuits could have been used to implement the 2:1 multiplexers, TGMs were a well-known circuit as

shown by the explanation of TGM circuits in the 1985 textbook by Weste. This court finds that substantial evidence in the record supports the Board's finding that a person of ordinary skill in the art would have used TGMs in the N:1 circuit configuration shown in Gorai. In sum, this court agrees with the Board's conclusion that the '666 patent is unpatentable under 35 U.S.C. § 103(a) over Gorai in view of Weste.

Because this court finds that Gorai in view of Weste renders the '666 patent unpatentable, the court will not address Tosser in view of Weste. However, the analysis of Tosser in view of Weste would undoubtedly reach the same result because Tosser also discloses a series multiplexer circuit.

IV

The decision of the Board, sustaining the final rejection of claims 16, 17, 39-45, 47 and 48 as obvious, is affirmed.

AFFIRMED

APPENDIX B

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 100

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

MAILED

JUL 14 2005

U.S. PATENT AND TRADEMARK OFFICE

BOARD OF PATENT APPEALS AND INTERFERENCES

Ex parte TRANSLOGIC TECHNOLOGY, INC.

Appeal No. 2005-1050
Reexamination Control Nos. 90/005,384,
90/005,823, 90/005,881, 90/006,051,
and 90/006,392

HEARD. May 31, 2005

Before KRASS, BARRETT, and NAPPI, Administrative Patent Judges,

BARRETT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. §§ 306 and 134(b) from the final rejection of claims 16, 17, 39-45, 47, and 48, all of the pending claims. Patent claims 1-15 and 18-27 have been canceled and claims 28-38 and 46 added during the reexaminations have been canceled.

We affirm.

REEXAMINATIONS

This appeal involves five merged reexamination proceedings for reexamination of U.S. Patent 5,162,666 ('666 patent), entitled "Transmission Gate Series Multiplexer," issued November 10, 1992, to Dzung J. Tran, based on application 07/670,075, filed March 15, 1991, now assigned to Translogic Technology, Inc., 7353 S.E. Hacienda, Hillsboro, Oregon, 97123.

Reexamination Control No. 90/005,384 was filed June 4, 1999, by a third party requester, Alan R. Loudermilk.

Reexamination Control No. 90/005,823 was filed September 26, 2000, by third party requester Alan R. Loudermilk and merged with the first reexamination proceeding.

Reexamination Control No. 90/005,881 was filed December 8, 2000, by third party requester Alan R. Loudermilk and merged with the first two reexamination proceedings.

Reexamination Control No. 90/006,051 was filed July 3, 2001, by the patent owner, Translogic Technology, Inc. (TTI), and merged with the first three reexamination proceedings.

Reexamination Control No. 90/006,392 was filed September 27, 2002, by third party requester Alan R. Loudermilk and merged with the first four reexamination proceedings.

RELATED LITIGATION

The '666 patent is the subject of Translogic Technology Inc. v. Hitachi, Ltd., No. 99-407-PA (D. Ore. filed March 24, 1999). A jury verdict was signed on October 27, 2003, and entered on October 29, 2003, determining that Hitachi had not proved by clear and convincing evidence that claims 16 and 17 of the '666 patent were invalid for anticipation or obviousness. On February 22, 2005, the district court adopted a special master's report and recommendation on infringement finding infringement of claims 16 and 17 of the '666 patent and granted plaintiff's motion for summary judgment of infringement. A jury verdict was signed on May 6, 2005, and entered on May 10, 2005, finding inducement of infringement of claims 16 and 17, and awarding damages of $86.5 million. An order granting plaintiff's motion for a permanent injunction and denying defendant's motion for a stay was signed on May 12, 2005, and entered on May 13, 2005. A notice of appeal and an emergency motion for stay of the permanent injunction pending appeal were filed in the U.S. Court of Appeals for the Federal Circuit on May 12, 2005.

BACKGROUND

The invention relates to a type of digital logic circuit known as a "multiplexer," or "MUX" for short. A multiplexer circuit has one or more control inputs that control the device to select one of several data inputs to connect to a single output line. A conventional k:1 multiplexer with p control lines selects one of $k=2^p$ data input lines to connect to a

single output line; e.g., a 2:1 multiplexer has one control input and two data inputs, a 4:1 multiplexer has two control inputs and four data inputs, etc.

The claims on appeal are directed to a multiplexer having three or four 2:1 transmission gate multiplexers (TGMs) connected in series, that is, with the output of a TGM connected to one input of the next TGM. Each TGM in the series is called a "stage." A TGM is constructed using transmission gates (TGs), which are electronic circuits that pass the input (a logical "0" or "1") to the output when the control input is a logical "1" and block the input when the control input is a logical "0." A multiplexer constructed from a series of TGMs has p control inputs and $(p+1)$ data inputs for total of $(2p+1)$ inputs; thus, a series 4:1 multiplexer has $p=3$ control inputs instead of 2 control inputs as in a conventional multiplexer.

Representative claims 47 is reproduced below.

47. A multiplexer circuit comprising:

a first stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

the first and second signal input terminals coupled to receive first and second input variables, respectively;

the control input coupled to receive a first control signal;

a second stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

one of the second stage input terminals coupled to the first stage output terminal;

the other one of the second stage input terminals coupled to receive a third input variable;

the second stage control input terminal coupled to receive a second control signal;

a third stage TGM circuit having first and second signal input terminals, a control input terminal and an output terminal;

one of the third stage input terminals coupled to the second stage output terminal;

the other one of the third stage input terminals coupled to receive a fourth input variable; and

the third stage control input terminal coupled to receive a third control signal;

whereby the circuit forms a 4:1 multiplexer.

THE REFERENCES

The examiner relies on the following references:

Tosser, A.J., and Aoulad-Syad, D. ("Tosser"), Cascade networks of logic functions built in multiplexer units, IEE Proc., Vol. 127, Pt. E, No. 2, March 1980, pages-64-68.

Weste, Neil H.E., and Eshraghian, Kamran ("Weste"), Principles of CMOS VLSI Design: A Systems Perspective (1985 Addison-Wesley Publ. Co.), pages 14-17 and 172-175.

Gorai, R.K., and Pal, A. ("Gorai"), Automated synthesis of combinational circuits by cascade networks of multiplexers, IEEE Proc., Vol. 137, Pt. E, No. 2, March 1990, pages 164-170.

THE REJECTIONS

Pages of the final rejection are referred to as "FR__" and pages of the examiner's answer are referred to as "EA__." Pages of the appeal brief are referred to as "Br__" and pages of the reply brief are referred to as "RBr__."

Claims 16, 17, 39-45, 47, and 48 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Gorai and Weste. The examiner finds that Fig. 3 of Gorai teaches a three-stage multiplexer with four input signals (h_p, g_p, h_{p-1}, h_1) and three control signals (x_p, x_{p-1}, and x_1) (FR2). The examiner finds that Gorai does not disclose that the multiplexers are transmission gate multiplexers (TGMs) (FR2-3). The examiner finds that Weste teaches 2:1 TGM circuits which transfer full logic "0" or "1" signals between the input and output (FR3). The examiner concludes that one of ordinary skill in the art would have been motivated to use the TGM circuit in Weste for the

multiplexers in Gorai for this reason (FR3). The examiner also finds that the fact that Gorai only shows "black boxes" for the multiplexer stages would have suggested to one skilled in the art to use any conventional multiplexer circuit, such as the TGM taught by Weste (FR3-4). The examiner finds that Fig. 3 of Gorai is a network of *p* stages, which suggests any number of cascaded multiplexers, including the 4-stage multiplexer of claim 48 (FR4).

Claims 16, 17, 39-45, 47, and 48 stand rejected under 35 U.S.C. §.103(a) as being unpatentable over Tosser and Weste. The examiner finds that Fig. 9 of Tosser teaches a 4:1 multiplexer having three cascaded 2:1 multiplexer stages (FR5). The examiner finds that Tosser does not disclose that multiplexers are implemented using TGMs (FR5). The examiner finds that Weste teaches 2:1 TGM circuits which transfer full logic "0" or "1" signals between the input and output (FRS). The examiner concludes that one of ordinary skill in the art would have been motivated to use the TGM circuit in Weste for the multiplexers in Tosser for this reason (FR5-6). The examiner also finds that the fact that Tosser only shows "black boxes" for the multiplexer stages would have suggested to one of ordinary skill in the art to use any conventional multiplexer circuit, such as the TGM taught by Weste (FR6). The examiner concludes that it would have been obvious to add an additional stage to the multiplexers to allow processing of more input signals (FR7).

OPINION

Grouping of claims

Patent owner states that claim 47 is representative of the 4:1 multiplexer claims 16, 39-41, 45, and 47, and that claim 48 is representative of the 5:1 multiplexer claims 17, 42-44, and 48 (Br11). This grouping of claims was confirmed at the oral hearing. Claims 47 and 48 correspond to original patent claims 16 and 17 in the '666 patent, rewritten in independent form, which were held not invalid and infringed in Translogic v. Hitachi. Thus, claims 16, 39-41, 45, and 47 stand or fall together with claim 47, and claims 17, 42-44, and 48 stand or fall together with claim 48.

Claim interpretation

The following is an interpretation of terms in claims 47 and 48. The interpretation is consistent with that in the claim construction attached to the Order of May 12, 2005, in Translogic v. Hitachi, except for the interpretations of "one of the fourth stage input terminals coupled to the third stage output terminal," and like limitations, which are unimportant to the analysis and the outcome. Several additional terms are defined.

TERM	INTERPRETATION
"multiplexer"	A circuit that accepts a plural number (N) of input signals and, based on the state of control signals that are received by the multiplexer, selects as an output a single one of the input signals.

TERM	INTERPRETATION
"comprising"	"'Comprising' is a term of art used in claim language which means that the named elements are essential, but other elements may be added and still form a construct within the scope of the claim." Genentech, Inc. v. Chiron Corp., 112 F.3d 495, 501, 42 USPQ2d 1608, 1633 (Fed. Cir. 1997).
"TGM" or "TGM circuit"	A 2:1 multiplexer comprising a pair of transmission gates together with their associated control input and inverter, with the outputs of the transmission gates connected together ('666 patent, col. 2, lines 63-66). Each of the transmission gates may consist of a single pass transistor or a complementary pair of transistors ('666 patent, col. 1, lines 46-50).
"control signal"	A signal applied to a TGM control input terminal that controls

TERM	INTERPRETATION
	the TGM to select one of the two input terminals for connection to the output terminal. This construction does not preclude the control signal from being used to control another TGM outside of the claimed multiplexer. Compare claim 42 (not argued) which recites "wherein TGM circuit loading on the first control signal consists of a single TGM circuit," which precludes applying the control signal to another TGM.
first, second, third, and fourth "control signals"	In a multiplexer circuit, these control signals are unique and independent of each other. However, the actual control signals are not part of the claimed multiplexer structure.
signal input terminal "coupled to" a previous stage output terminal	Connected to, directly or through one or more intervening inverters or buffers.
control input terminal "coupled to receive" a control	Terminal capable of receiving a control signal. The control signal itself

TERM	INTERPRETATION
signal	is not part of the claimed structure.
"input variable"	A signal to be input to one of the input terminals of a TGM. Patent owner agrees that the "input variable" itself is not part of the claimed structure (RBr14). A "variable" is defined as: "A symbol used to represent an unspecified member of some set. A variable is a 'place holder' or a 'blank' for the name of some member of the set. Any member of the set is a value of the variable and the set itself is the range of the variable. If the set has only one member, the variable is a constant." James and James, Mathematics Dictionary (5th ed. Chapman & Hall 1992). A "variable" is also defined as: "1: something that is variable 2 a: a quantity that may assume any one of a set of values b: symbol representing a

TERM	INTERPRETATION
	variable." Webster's New Collegiate Dictionary (G.&C. Merriam Co. 1977). Thus, a "variable" does not necessarily imply a variation in value over time. The district court's interpretation is that a variable "must be capable of assuming, at any given time, either one of at least two values." Claim construction attached to Order of May 12, 2005, in Translogic v. Hitachi. The definitions provide some support for the examiner's position (at EA16) that a variable can have a constant value, e.g., when the variable in an expression is solved for a constant value. However, we adopt the district court's interpretation because it is more consistent with the dictionary definition of a quantity that may assume one of a set of values.

TERM	INTERPRETATION
signal input terminal "coupled to receive" an input variable	Terminal capable of receiving an input variable. Patent owner agrees (RBr14) with the examiner's interpretation that the "input signals cannot be relied upon to patentably distinguish the claims over the combined prior art because the claims are directed to an apparatus, and the input signals are not part of this apparatus (i.e., they are merely intended use)" (EA10-11). That is, the "input variable" itself is not part of the claimed combination and these limitations are anticipated by an input terminal structure without it having to be actually connected to an input variable signal.
"having"	An open ended term, like "comprising." Therefore, the limitations defining the various stage TGM circuits do not exclude additional elements.

TERM	INTERPRETATION
first, second, third, fourth, and fifth "input variables"	As noted above, patent owner agrees that the "input variables" are not part not part of the claimed structure (RBr14). However, patent owner argues that theme limitations require: (1) five independent input variables; (2) that the input variables are independent from the control signal variables; and (3) the input variables cannot be constants (0 or 1). We interpret that these limitations: (1) require the signal input terminals to be "capable of" connecting to five different input variables (i.e., that there is a separate input terminal for each variable), but that the input variables applied to the terminals do not necessarily have to be independent or different; (2) do not preclude some of the input variables from being the same as some

TERM	INTERPRETATION
	of the control variables as long as there are separate input terminals for input variables and control signal variables; and (3) do not preclude the input signals from being constants as long as the multiplexer can accept variables. [1] A multiplexer selects one of the input variables as an output. It makes no difference to the multiplexing structure and operation whether the input variables are independent of each other or independent of the control variables, or whether the inputs are variables or constants. In any case, since the input variables are not

[1] For example, it was noted in the patent owner's response of November 20, 2000, with respect to Japanese Laid Open Patent Application No. H1-281529, to Goto, that when an input is always a constant "1" or "0," one element of the transmission gate may usually be omitted (referring to page 7 of the translation). Such a TGM would not be capable of handling a variable.

TERM	INTERPRETATION
	part of the claimed structure, the nature of the input variables is not a positive claim limitation. It also seems unlikely that patent owner would admit that a serial TGM structure which has control and input terminals capable of connecting to independent input and control variables would not infringe if it was connected so that some inputs were control variables and some inputs were constants. This goes to the use of the multiplexer structure, not the structure itself. "That which would literally infringe, if later in time, anticipates if earlier than the date of invention." Lewmar Marine, Inc. v. Barient, Inc., 827 F.2d 744, 747, 3 USPQ2d 1766, 1768 (Fed. Cir. 1987).

TERM	INTERPRETATION
"one of the fourth stage input terminals coupled to the third stage output terminal"	The district court interpreted this limitation as follows: "This means that the third stage output terminal cannot also be coupled to other circuitry such that the overall result is not a N:1 multiplexer circuit." Claim construction attached to Order of May 12, 2005, in Translogic v. Hitachi. However, a multiplexer structure does not cease to become a multiplexer because of the way the intermediate and/or final TGM outputs are connected to surrounding external circuitry. Therefore, we interpret this limitation to not preclude coupling the third stage output terminal to other circuitry. This difference in interpretation plays no part in the decision.
"one of the third stage input terminals coupled to the second stage	See previous definition.

TERM	INTERPRETATION
output terminal" and "one of the second stage input terminals coupled to the first stage output terminal"	
"whereby ..."	"A 'whereby' clause that merely states the result of the limitations in the claim adds nothing to the patentability or substance of the claim." Texas Instruments, Inc. v. United States Int'l, Trade Comm' n, 988 F.2d 1165, 1172, 26 USPQ2d 1018, 1023 (Fed. Cir. 1993). Here the limitations "whereby the circuit forms a 4:1" (claim 47) and "whereby the circuit forms a 5:1 multiplexer" (claim 48) merely state the result of the structure and add no further limitation. Thus, we agree with the district court's interpretation that "[t]hese clauses are to be disregarded." Claim construction attached to Order of May

TERM	INTERPRETATION
	12, 2005, in Translogic v. Hitachi.

Factual findings

Scope and content of the prior art

Scope

Both Gorai and Tosser disclose serial 2-input multiplexer networks as in the claimed invention and, thus, are within the scope of the prior art. See Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1535, 218 USPQ 871, 876 (Fed. Cir. 1983) ("The scope of the prior art has been defined as that 'reasonably pertinent to the particular problem with which the inventor was involved'."). No issue of nonanalogous art has been raised.

Content

Gorai

Gorai discusses synthesis of combinational circuits using a cascade of 2-input multiplexer units (abstract). Although multiplexers were originally developed to perform the function of mulitplexing, i.e., selecting one of several inputs to connect to a single output line, they have also found widespread application as general-purpose logic devices because it has been shown "that multiplexers (MUX) can be used as universal logic modules in the realisation of combinational circuits" (page 164). A universal logic module of a specified number of variables is a circuit that can be used to implement any logic function up

to that number of variables by simply arranging its input/output terminal connections. The rejection relies on the background discussion of multiplexers and the cascade (serial) arrangement of 2-input (2:1) multiplexers in sections 1 and 2, and not the method of synthesizing combinational circuits described in sections 3-8.

A conventional multiplexer with k inputs, *p* control lines, and one output line is shown in Fig. 1 (page 164), shown below.

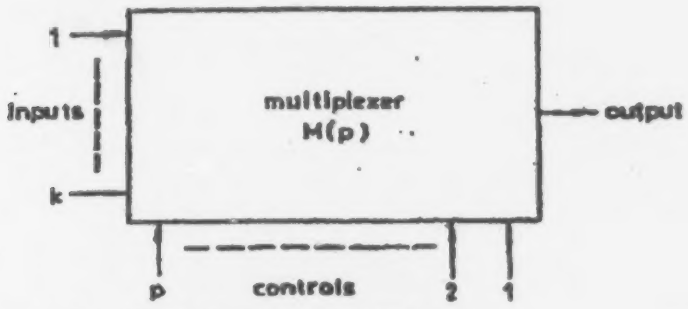


Fig. 1 *Block diagram of a multiplexer*

In a conventional multiplexer, *p* control lines select one of the $k=2^p$ inputs to output on the output line (id.). Gorai states that a conventional multiplexer with *p* control lines is designated as *M(p)* and "an *M(p)* can realize any function of (*p*+1) variables" (id.); e.g., an M(1) can realize any of the 16 possible functions of p+1=2 variables. It does not mean, as argued by patent owner, that an *M(p)* is limited to functions of only (*p*+1) variables; a technical explanation is provided in Appendix A. Gorai states (id.):

> Moreover, it may be noted that a *M(p)* having $p + k$ $(= p + 2^p)$ inputs has the potential of realising functions of up to $(p + 2^p)$ variables. For example, let us compute the number of distinct functions realisable by *M*(3). Since there are 11 inputs [p=3 control lines plus $k=2^3=8$ inputs], it can realise functions of up to 11 variables. By connecting three variables to three control inputs, the remaining 8 variables, or their complements or constant (0 or 1) can be connected to each of the 8 input lines. So, there are 18 possible values [8 variables, 8 variable complements, plus two constants] for connecting to each of the 8 input lines resulting in $(18)^8$ distinct functions. Some more distinct functions can be realised by interchanging the control and input variables. Thus an *M*(3) can realise more than $(18)^8$ distinct functions of which less than one part of a million forms the functions of four [$p+1=3+1=4$] and lower variables. The rest are the functions of 5 to 11 variables. [Explanation in brackets added.]

Thus, a 2:1 multiplexer *M(1)* with p=1 control input and $k=2^1=2$ input variables can realize functions of up to $p+2^1=3$ variables (and can realize all functions of $p+1=2$ variables). Each non-control input may be one of two variables, one of two variable complements, or a constant (0 or 1) (6 possible inputs) for a total of $6^2=36$ possible functions of three variables.

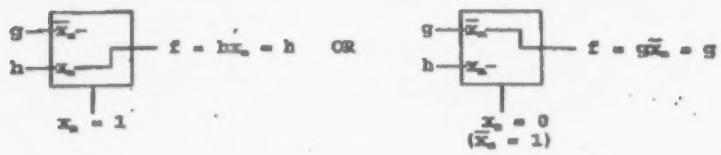
Gorai provides the general expression for an *M(1)* connected to the output of a previous *M(1)* (page 165)

> Let us consider a *M(1)* unit whose control variable is x^m [sic, x_m] and data inputs are *g* and *h*.
>
> Without loss of generality, based on Shannon's expansion theorem, the logical output *f* can be expressed by
>
> $$f(g, x_i, X_m) = g\bar{x}_m + hx_m \qquad (1)$$
>
> Here *g* (called subfunction), is a function of binary variables (other than x_m), h can assume any one of the four values: 0, 1, x_i, or $\bar{x}_i$, where x_i is another variable other than x_m, x_m is either x_m or $\bar{x}_m$.

The symbol x_m refers to; the logical state, true or inverted, of the binary variable x_m (Tosser, page 64, § 2.1); for simplicity, we refer to x_m as x_m and $\bar{x}_m$ as $\bar{x}_m$. The logical output f of a 2:1 multiplexer is a function of three variables (g, x_i, x_m) where x_m is a binary variable at the control input (page 165); input *g* is a function of binary variables (other than x_m) and, so, is a binary variable; and *h* is a binary variable x_i (other than x_m) or a constant 0 or 1).

In the function "$g\bar{x}_m + hx_m$": the "+" (sum) term represents a logical "OR" operation; the product term "$g\bar{x}_m$" (also written as "$g.\bar{x}_m$") represents the logical "AND" of "g" and "$\bar{x}_m$ "; and the product term

"h x_m " (also written as "h.x_m") represents the logical AND of "h" and "x_m." That is, the function is ("g" AND "$\bar{x}_m$ ") OR ("h" and "x_m"). See Appendix B for a background description of logic expressions. The control variable x_m, is a control signal that causes the multiplexer to select the input "*h*" as the output when x_m =1, and causes the multiplexer to select the input "g" as the output when x_m =0 ($\bar{x}_m$ =1), as illustrated below.



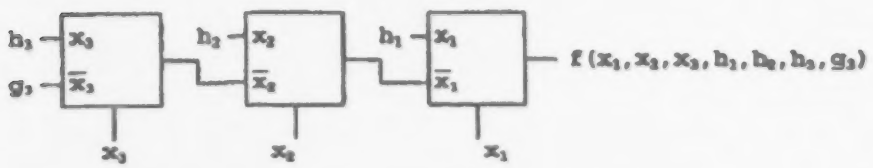
When x_m =1, the input *g* has no effect on the logic function and when x_m =0 ($\bar{x}_m$ =1), the input *h* has no effect on the logic function because these inputs are not selected.

The data inputs for an *M(1)* can be connected in two ways as shown in Figs. 2a and 2b, the only difference being that x_m and $\bar{x}_m$ are interchanged in the equations.

The rejection relies on Gorai's Fig. 3, which discloses a cascade (serial) arrangement of *p*-stages of 2-input multiplexers *M(1)*. A cascade (serial) network is one in which the output terminals of one network are directly connected to the input terminals of the other network. Each control input variable (x_1, . . ., x_{p-1}, x_p) is unique and controls only

one M(1) . Each input variable "*h* can assume any one of the four values: 0, 1, x_i, or $\bar{x}_i$, where x_i is another variable other than x_m " (page 165) . Each of the input variables (h_1, ..., h_{p-3}, h_p) can be unique, as evidenced from the previous discussion, or can be a constant or the same as a control input variable to implement a function of less than (2p+1) variables. Each of the subfunctions (g_1, . . . , g_{p-1} , g_p) "is a function of binary variables (other than x_m)" (page 165) (e.g., g_{p-1} is a function of the binary variables g_p, h_p and x_p from the previous stage) , where "[f] or the last stage, g_p is reduced to a single variable or constant 0 or 1" (page 166). Thus, for *p=3*, the network has three control input variables (x_1, x_2, x_3) and four data input variables (h_1, h_2, h_3, g_3), as recited in claim 47; and for p=4, the network has four control input variables (x_1, x_2, x_3, x_4) and five data input variables (h_1, h_2, h_3, h_4, g_4), as recited in claim 48.

The networks of 2:1 multiplexers in Gorai implement logic functions by appropriate selection of inputs using the control variables. For example, a general serial arrangement for *p*=3 in accordance with Fig. 3 is shown on the next page.



Using the multiplexer expressions in Gorai:

$$f = x_1h_1, + \bar{x}_1 (x_2h_2 + \bar{x}_2 (x_3h_3 + \bar{x}_3g_3))$$

$$= x_1h_1 + \bar{x}_1x_2h_2 + \bar{x}_1\bar{x}_2x_3h_3 + \bar{x}_1\bar{x}_2\bar{x}_3g_3$$

Thus, the multiplexer arrangement selects input h_1, when control variable x_1=1 (x_1 and x_1 are not part of the term x_1h_1, and so either can be 0 or 1) OR selects input h_2 when control variables $\bar{x}_1$=1 (x_1=0), x_2=1 , i.e., $\bar{x}_1x_2$=1 (x_3 is not part of the term $\bar{x}_1x_2h_2$ and so can be 0 or 1) OR selects input h_3 when control variables $\bar{x}_1$=1 (x_1=0), $\bar{x}_2$=1 (x_2=0) , x_3=1, i.e., $\bar{x}_1\bar{x}_2x_3$=1 OR selects input g_3 when control variables $\bar{x}_1$=1 (x_1=0), $\bar{x}_2$=1 (x_2=0), $\bar{x}_3$=1 (x_3=0), i.e., $\bar{x}_1\bar{x}_2\bar{x}_3$=1. The input selected for output is only a function of the control variables, which is, by definition, a multiplexer. See also Appendix C for a discussion of two examples in Gorai.

Tosser

Figures 6, 9, and 11 of Tosser each show a cascade of three 2-input multiplexers having 3 control inputs and 4 data inputs. it is this structure that is relied upon in the rejection. The figures show the data inputs connected to variables (including the control variables) and constants to realize specific functions of four variables. However, the multiplexer structure does not change depending upon the inputs, and the input variables are not part of the claimed structure.

Tosser discloses a graphical method for implementing logic functions using a cascade of 2^n-input multiplexers (abstract), and, in particular, using a cascade of 2-input multiplexers (page 65, left col.). The method is valid for any function that can

be represented on a Karnaugh map, i.e., with up to six variables (abstract). However, the rejection relies on the structure of a serial connection of three 2-input multiplexers, not on the method of implementing logic functions.

Weste

Weste discloses a 2:1 TGM circuit in Fig. 1.10 (page 17). "As the switches have to pass '0's and '1's equally well, complementary switches with n- and p-transistors are used. The truth table for the structure in Fig. 1.10 -is shown in Table 1.4." (Pages 14 & 16). When the input to a complementary switch is "1" the input ("0" or "1") is passed to the output, and when the input to the switch is "0," the input is not defined. There is no dispute that Weste teaches a transmission gate multiplexer (TGM) as claimed.

Weste discloses using TGMs to create logic circuits. (pages 172-175).[2]

Level of ordinary skill in the art

The level of ordinary skill in the art is evidenced by the references. See In re Oelrich, 579 F.2d 86, 91, 198 USPQ 210, 214 (CCPA 1978) ("the PTO usually must evaluate both the scope and

---

[2] It is apparent from the truth table and multiplexer connections that "XOR" (exclusive OR) in Table 5.1 (page 174) and Fig. 5.15 (page 175) should really be "Exclusive-NOR" (XNOR).

content of the prior art and the level of ordinary skill solely on the cold words of the literature"); In re GPAC Inc., 57 F.3d 1573, 1579, 35 USPQ2d 1116, 1121 (Fed. Cir. 1995) (the Board did not err in adopting the approach that the level of skill in the art was best determined by the references of record); Okajima v. Bourdeau, 261.F.3d 1350, 1355, 59 USPQ2d 1795, 1797 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown.'"). Skill in the art is presumed. See In re Sovish, 769 F.2d 738, 743, 226 USPQ 771, 774 (Fed. Cir. 1985).

Based on the references, we find that one of ordinary skill in the art would have a thorough understanding of digital logic circuits, in particular, the design of digital logic switching systems so as to be familiar with the terminology and concepts described in Gorai and Tosser, and would have sufficient skill to apply these teachings to specific problems. Such knowledge is commonly taught in an undergraduate computer science course on switching theory and logical design. One of ordinary skill in the art would also have knowledge of actual electrical implementations of multiplexers such as the transmission gate multiplexers taught in Weste. Such knowledge is commonly available in undergraduate courses in electrical engineering. circuits and electronics.

Differences

Between Gorai and the subject matter of claims 47 and 48

Gorai does not disclose the implementation of the 2:1 multiplexers and, so, does not disclose using TGMs.

Between Tosser and the subject matter of claims 47 and 48

Tosser does not disclose a cascade of four 2:1 multiplexers as recited in claim 48.

Tosser does not disclose the implementation of the 2:1 multiplexers and, so, does not disclose using TGMs.

The examples in Figs. 6, 9, and 11 of Tosser realize functions of only four variables. Nevertheless, the structure is capable of implementing functions of seven variables and it is the cascade multiplexer structure, not the application of the cascade multiplexer structure to realize a specific function, that is relied upon. The actual variables are not part of the claimed combination and, thus, the recitations of first, second, third, and fourth input variables are not differences: it is sufficient that the structure can accept four separate input variables and three separate control variables.

Objective evidence of nonobviousness

Objective evidence of nonobviousness (also called "secondary considerations") must always be considered in making an obviousness decision, Stratoflex v. Aeroauip, 713 F.2d at 1538, 218 USPQ at 879, although it need not be necessarily conclusive on the issue of obviousness, Ashland Oil. Inc. v. Delta Resins & Refrac., Inc., 776 F.2d 281, 306, 227 USPQ 657, 674 (Fed. Cir. 1985). A "nexus" is required between the merits of the claimed invention and the evidence of secondary considerations in order for the evidence to be given substantial weight in an obviousness decision. See Stratoflex, 713 F.2d at 1539, 218 USPQ at 879. "Nexus" is a legally and factually sufficient connection between the objective evidence and the claimed invention, such that the objective evidence should be considered in the determination of nonobviousness. See Demaco Corp. v. F. Von Langsdorff Licensing Ltd., 851 F.2d 1387, 1392, 7 USPQ2d 1222. 126 (Fed. Cir. 1988). The burden of showing nexus is on the applicant or the patent owner. See In re Huang, 100 F.3d 135, 139-140, 40 USPQ2d 1685, 1689 (Fed. Cir. 1996) ("In the ex parte process of examining a patent application, however, the PTO lacks the means or resources to gather evidence which supports or refutes the applicant's assertion that the sales constitute commercial success.").

"It is well settled 'that objective evidence or [sic, of] non-obviousness must be commensurate in scope with the claims which the evidence is offered to support.'" In re Grasselli, 713 F.2d 731, 743, 218 USPQ 769, 778 (Fed. Cir. 1983) (citing In re Tiffin,

448 F.2d 791, 792, 171 USPQ 294, 294 (CCPA 1971)). The objective evidence is not commensurate in scope (coextensive) with the claimed subject matter if the claims are broader in scope than the scope of the objective evidence, e.g., if the product included elements or features not recited in the claims which may be responsible for the commercial success or praise. See Joy Technologies Inc. v. Manbeck, 751 F. Supp. 225, 229-30, 17 USPQ2d 1257, 1259-60 (D.D.C. 1990) (and cases cited therein), aff'd, 459 F.2d 226, 22 USPQ2d 1153 (Fed. Cir. 1992); Marconi Wireless Tel. Co. v. United States, 320 U.S. 1, 35 n.20 (1943) ("Marconi's specifications disclose a large number of details of construction, none of which is claimed as invention in this patent."); White v. Jeffrey Mining Machinery Co., 723 F.2d 1553, 1559, 220 USPQ 703, 706 (Fed. Cir. 1983) ("That Jeffrey's miner enjoyed commercial success does not support an implication that the jury found that a nexus existed between such success and the claimed invention, because the Jeffrey machine included several features not disclosed or claimed in the White patent.").

Inventor Tran's declaration

Patent owner argues that "[f]urther evidence of non-obviousness is set forth in a Statement Concerning Commercial Success and Other Objective Indicia of Non-Obviousness (attached as Exhibit H):" (Br22). Exhibit H refers to the Declaration Under 37 C.F.R. § 1.132 of the inventor Joseph Tran (Exhibit I to the brief) and states that "there is ample evidence of at least the commercial success that followed from this patent, as well as a suggestion of how it solved a

long-felt need" (Exhibit H, page 1). Exhibit H tracks Mr. Tran's declaration and we will discuss Mr. Tran's declaration in Exhibit I rather than the unsworn statements in Exhibit H. Neither Exhibit H nor Mr. Tran's declaration discusses "long-felt need."

The examiner's position is (EA22-23):

> [T]he final arguments concerning the alleged commercial success of the invention, as set forth in the Tran declaration under 37 CPR 1.132 (after reviewing this further evidence and looking at the issue of obviousness *ab initio*, taking all of the prior art, arguments, etc into account), the commercial success evidence/argument does not overcome the finding [sic, conclusion] of obviousness of the claims because the required nexus is not seen to exist, i.e., mere "potential licensing", the fact that other companies may have "lauded" the invention, etc, without more, is not seen to rise to the level of "commercial success', per se. Moreover, even if such a nexus did exist, this would not be sufficient to overcome the strong motivation to use the well-known TGM circuits of Weste to implement the "black box" multiplexers of both Gorai's Fig. 3 and Tosser's Fig. 9.

We agree with the examiner that no nexus has been established between the evidence and the claimed subject matter. Mr. Tran's declaration merely sets forth a number of documents without even trying to show that what is discussed is the

subject matter of claims 16 and 17 in the '666 patent (claims 47 and 48 in the reexaminations), much less trying to show a nexus. The only thing that might be considered "commercial success" is evidence of licensing to Intel Corp., which is usually treated as a separate category of objective evidence. There is no evidence of any sales of products containing the claimed subject matter that might be considered commercial success.

Mr. Tran states:

> 6. Accompanying this Declaration as Exhibit 1 is a copy of an article appearing in an on-line industry publication entitled *Silicon Strategies*, which is dated May 5, 1999, and is currently available at http://www.silicon strategies.com/sbn.news archive/1999/19990507a10.html. This copy is true and accurate as to the content of the publication as it first appeared.
>
> 7. The technology covered by the claims of the '666 patent is sometimes referred to as the "M-cell technology."
>
> 8. Accompanying this declaration as Exhibit 2 is a copy of an article in *The Portland Business Journal* dated May 6, 1999. Exhibit 2 is a copy of an on-line version of the article. This copy is true and accurate as to the content of the publication as it first appeared.

The declaration merely points to the articles and does not attempt to address how the articles

disclose what was actually licensed to Intel Corp. or how there is a nexus to the merits of claims 16 and 17 of the '666 patent. The article states:

> TransLogic Technology, Inc. here announced today that it has signed a five-year licensing agreement with Intel Corp., under which Intel will use TTI's computer-aided design (CAD) software tools and related technology to improve the performance of integrated circuits.

"Acquiescence by a substantial portion of the competitors in a market to the validity of a patent--generally through acceptance of a license--has been regarded as evidence supporting patentability. The theory behind use of commercial acquiescence is that persons would not usually act in a fashion contrary to their economic interests unless convinced of the patent's validity." 2 Donald S. Chisum, Patents § 5.05[3] (2003). What is said to be licensed is "computer-aided design (CAD) software tools and related technology." The '666 patent has nothing to do with CAD software tools. It is unknown what the "related technology" refers to, and we will not assume it includes or is limited to the '666 patent. Although evidence discussed infra, indicates that the '666 patent was part of the licensing deal, we only consider the article before us. A nexus requires evidence that the licensing was due to the merits of claims 16 and 17 of the '666 patent and not to other elements and services; i.e., the objective evidence must be commensurate in scope with the claims. This article does not show what was licensed, much less any nexus to the '666 claims. It would have been

easy for patent owner to provide a copy of the license agreement to show exactly what was actually licensed.

The article also states:

> TTI holds eight patents regarding IC technology. The company's patented M-cells are fully characterized transmission/pass gate programmable standard cells that help designers get the best performance from their IC designs. TTI also sells related software and a library of cells allowing customers to easily use its technology in design and development.
>
> The company's Tlogic software enables M-cells to be utilized during the logic synthesis process. By integrating Tlogic with the leading synthesis tools, IC designers will have all the benefits provided by the M-cells without having to change their current design methodology.

As written, this seems to be a description of TTI's products and company goals rather than what was actually licensed. In any case, Tlogic software has nothing to do with '666 patent, which is directed to multiplexer hardware, nor is there any evidence that "integrating Tlogic with the leading synthesis tools" was an object of the Intel licensing (this appears to refer to talks with Cadence Design Systems, Tran declaration ¶¶ 10-13).

Mr. Tran states that "[t]he technology covered by the claims of the '666 patent is sometimes referred to as the 'M-cell technology'" (¶ 7). There is

no indication in the article that what was licensed was M-cell technology. Moreover, there is no evidence that "M-cell technology" is limited to claims 16 and 17 of the '666 patent. As discussed infra, there are statements that "M cell" was used by Intel to refer to the subject matter of two other TTI multiplexer patents in addition to the '666 patent. The term "cell" in "M-cell" also suggests something more than the bare multiplexer circuit. A "cell" is a small scale logic circuit for which the layout of a mask pattern for integrated circuit fabrication has already been finished (Yano et al., U.S. Patent 5,581,202, col. 1, lines 19-21, Figs. 1A & 1B, Exhibit 9 to Tran declaration). This raises the question of whether "M-cell" includes a layout pattern and mask implementation in addition to the multiplexer circuit itself. Mr. Tran's statement that "[t]he technology covered by the claims of the '666 patent is sometimes referred to as the 'M-cell technology'" (¶ 7) implies that the '666 patent claims are commensurate in scope with M-cell technology, but this has not been shown to be true and conflicts with statements that "M-cell technology" includes other patents. If M-cell technology includes additional components (design software, actual cell layouts, other kinds of multiplexer circuits, other patents, etc.) that are not part of the '666 multiplexer claims, there is no nexus between M-cell technology and the merits of the '666 patent. We will not speculate that M-cell technology is commensurate in scope with the claims of the '666 patent or that it is what was licensed.

Exhibit 2 is a shortened version of Exhibit 1 and adds no new information.

The evidence of licensing to Intel is not entitled to any weight because it has not been established what was licensed or shown that there is a nexus between the licensing and the merits of claims 16 and 17 of the '666 patent. Mr. Tran's belief that the '666 patent was the reason for the license is not evidence.

Mr. Tran next states:

> 9. Before 1999, several key players in the integrated circuit market were introduced to TTI's M-cell technology and came to appreciate its advantages over other conventional designs.

This is merely an introductory paragraph to the next set of Exhibits. Again, it is not known what is encompassed by the term "M-cell technology."

Mr. Tran's declaration continues:

> 10. One of these players, Cadence Design Systems, is today "the world's largest supplier of electronic design technologies, methodology services, and design services" (as appearing at http://www.cadence.com/company/index.html, on September 16, 2003, copy attached as Exhibit 3). Cadence sells design synthesis tools that allow the use of TTI's Tlogic software to enable designers to use M-cells in their designs.

The first sentence is not questioned. The second sentence merely says that Cadence's design synthesis tools allow the use of TTI's Tlogic software,

not that the Tlogic software was ever actually part of Cadence's design synthesis tools. The '666 patent is directed to a multiplexer structure, not design synthesis software and not the cell design.

The discussion of Cadence continues:

> 11. Cadence met with TTI to review the M-cell technology in 1993, a few months after the '666 patent was issued in December, 1992. In Cadence's internal report of the meeting, the new M-cell technology was lauded as "simple and elegant," "appealing," and offering advantages over conventional approaches:
>
> > The presentation from Translogic showed us a simple and elegant way to construct multi-level logic using CMOS inverters and N Channel transmission gates. The primary use of this technology would be the construction of a new type of cell called M cells that could replace conventional logic gates in logic synthesis and P&R. The technology is appealing in that a small number of M cells (e.g. a library of only a dozen cells) could replace a much larger library of

> conventional logic gates while offering smaller area and lower path delay realizations.

12. A copy of the internal Report from Jake Buurma to Jim Solomon, which is entitled "Debriefing from initial Translogic Meeting" and is dated March 26, 1993, is attached as Exhibit 4.

13. Cadence's report noted some areas where more information and development were needed, which is to be expected with developing technology, but concluded that "[i]f M cells prove effective for a wide range of logic functions and our tools can be adopted to efficiently use M cells, then we should consider adding a small library of M cells" to some of its products sold for integrated circuit design. Exhibit 4 at page 3.

There is no disclosure that the "M cells" being discussed correspond to the multiplexer structure of the '666 patent and, hence, there is no nexus. Even if it assumed that "M" stands for "multiplexer," patent owner owns U.S. Patent 5,040,139 ('139 patent), issued August 13, 1991, entitled "Transmission Gate Multiplexer (TGM) Logic Circuits and Multiplier Architectures," so there is no certainty that the discussion was limited to the '666 patent series multiplexer. The reference to "cells" implies a mask pattern layout for integrated circuit implementation, and what may have been advantageous was the cell implementation rather

than the multiplexer circuit itself. In any case, the internal report simply represents impressions from a meeting and does not constitute licensing, a commitment to license, or anything that could be considered a recognized category of evidence of nonobviousness. At best, the report indicates that there was interest in "M cells" (whatever they are). Certainly, there is no evidence of sales that would constitute commercial success. The Cadence evidence is not entitled to any weight.

The declaration continues:

> 14. TTI also met with National Semiconductor in 1993. Following this meeting, an August 7, 1993 letter was sent by Thomas L. Humphrey, Director of Business Development of National Semiconductor, to Mr. Joseph Tran. A true and accurate copy of the August 17, 1993 letter is attached as Exhibit 5.
>
> 15. As expressed in Exhibit 5, National recognized TTI's then-ongoing efforts in working with Cadence to develop design synthesis software for implementing M-cells and to test the software, expressing strong interest:
>
> > We at National Semiconductor are definitely interested in becoming such a Beta Site. As you know National works closely with Cadence. Availability of

> your design methodology on Cadence tools would be a major factor in making it accessible to the National design community ....
>
> 16. As also expressed in Exhibit 5, National Semiconductor recognized TTI's proprietary rights in its innovations, noting that "should our evaluation be positive and associated costs and licensing fees be justified," National would consider adopting the technology.

The letter refers to a "proposal to Cadence to jointly develop a design automation software package that implements Translogic's design methodology" and "[a]vailability of your design methodology on Cadence tools would be a major factor in making it accessible to the National design community." Thus, the letter concerns a "design methodology," not a multiplexer hardware circuit as in the '666 patent. Moreover, the letter does not say anything about the merits of the unidentified methodology: it only states that the methodology might be adopted "should our evaluation be positive," indicating that it had not been evaluated. The letter expresses polite interest in the technology and in becoming a Beta test site if Cadence agrees to adopt TTI's design methodology. The "technology" is not identified as the series multiplexers of the '666 patent and it could be TTI's "design methodology." The letter does not constitute licensing, a commitment to license, or anything that could be considered a recognized category of evidence of

nonobviousness. Certainly, there is no evidence of sales that would constitute commercial success. The National Semiconductor evidence is not entitled to any weight.

Mr. Trans [sic] states:

> 17. TTI had also presented its M-cell technology to Hewlett Packard (HP). Following a meeting with HP, TTI received an August 3, 1993 letter from Eric Larson, ICBD Marketing Manager and Acting General Manager. A true and accurate copy of this letter is attached as Exhibit 6.
>
> 18. As indicated in Exhibit 6, HP declined an offer to work on a joint development project with TTI, but as in the case of National Semiconductor, expressed interest if design synthesis software to implement TTI's M cell technology became available:
>
> > I am encouraged to hear, however, of the negotiations with a major CAD software supplier. As we discussed, a relationship resulting in a market ready software implementing the TransLogic Design from the major CAD supplier would be a major step forward. As I understand from your business model,

> users would purchase software from the major CAD supplier and would obtain a license from TransLogic Design for the application of the technology in the user's products. Assuming the software cost is consistent with similar packages and the technology fee is appropriate in relation to the added value of the design improvements, the model you described could be of interest for many applications we see in ICBD.

The letter states (Exhibit 6):

> As you know, we have investigated the TransLogic Design methods and have considered the possibility of joint development of the software for our applications. We continue to be interested in the technology, however because of previous resource commitments and priorities, we are unable to work on joint development.

The subject of the letter is design "methods" and "software," whereas the '666 patent deals with multiplexer hardware, so there is no apparent nexus to the subject matter of the '666 patent claims. The letter indicates polite interest in the technology, but

no identification of the technology or indication that the technology had been evaluated. The letter does not constitute licensing, a commitment to license (it states that "it is premature to make a commitment"), or anything that could be considered a recognized category of evidence of nonobviousness. There are no sales that would constitute commercial success. The Hewlett-Packard letter is not entitled to any weight in the obviousness determination.

Mr. Tran states:

> 19. Earlier, HP had requested me to synthesizee two conventional HP circuits using M-cells in place of at least some typical logic gates. The M-cell modified circuits were then compared to the corresponding conventional logic gate circuits. The results were reported in an October 16, 1991 letter from Don Morris to Stan Dallas. A true and accurate copy of this letter is attached as Exhibit 7.
>
> 20. The results reported in Exhibit 7 demonstrate the advantages of the M-cell technology. The M-cell modified circuits were found to be "22%r to 33% faster and 2% to 24% more dense" than the corresponding conventional logic gate circuits. Indeed, HP commented that "HP feels that these results prove that the technology has merit."
>
> 21. Stan Dallas sought confirmation of the test results in an October 23, 1991 letter to Don Morris, and Don Morris confirmed the results in his reply. A true and accurate copy

of this letter with Don Morris' handwritten reply is attached as Exhibit 8.

The letter discusses that two test circuits selected by HP, and synthesized by Mr. Tran, had better performance and higher density than standard cell designs. The test circuits and how the test circuits were implemented are not described in the letter; the letter mentions a "basic logic cell," but does not identify it as a serial multiplexer circuit as claimed in claims 16 and 17 of the '666 patent (now claims 57 and 48). As of the date on the letter, October 16, 1991, Mr. Tran had the '139 patent, issued August 13, 1991, to TGM logic circuits and multiplexer architectures, and the application which matured into the '666 patent had been filed March 15, 1991, but not yet issued, so the letter might equally well refer to the '139 patent. The letter does not use the term "M-cell," but even if "M-cells" referred to the multiplexer of the '666 patent, it can be referring to the 2-stage serial multiplexer of Fig. 2, whereas the claims are directed to 3-stage and 4-stage multiplexers. Only original '666 patent claims 16, 17, 25, and 26 were limited to more than two stages, and the claims have been limited in this reexamination to 3-stage and 4-stage multiplexers because prior art disclosed the 2-stage multiplexer; see, e.g., Fig. 2 of Japanese Laid Open Patent Application H1[1989]-256219 to Goto (Goto '219 application). No nexus has been established between the contents of the letter and the 3-stage or 4-stage multiplexer subject matter of the '666 patent. The letter does not constitute licensing, a commitment to license, or anything that could be considered a recognized category of evidence of nonobviousness.

There are no sales that might constitute commercial success. The Hewlett-Packard letter is not entitled to any weight in the obviousness analysis.

22. As further objective indicia of nonobviousness, I point out that approximately two years after the '666 patent was granted to TTI, Hitachi filed a patent application in November 1994 that issued as U.S. Patent No. 5,581,202 (hereafter the '202 patent) to Dr. Kazuo Yano and Yasuhiku Sasaki. (Hitachi is the requesting party in this and each of the previous reexamination proceedings.) The '202 patent describes a circuit using two 2:1 multiplexers connected in series. Figure 8(b) of the patent shows 4:1 and 5:1 serial multiplexers similar to the 4:1 and 5:1 serial TGM multiplexers described in the '666 patent. During prosecution of the application that matured into the '202 patent, Hitachi represented to the U.S. Patent and Trademark Office that the circuits shown therein were patentable and not obvious. A true copy of the '202 patent is attached as Exhibit 9.

23. The subject matter of the '202 patent was further described in an article co-written by the Dr. Yano called "Lean Integration: Achieving a Quantum Leap in Performance and Cost of Logic LSIs," IEEE 1994 Custom Integrated Circuits Conference, 1994. A true copy of this article is attached as Exhibit 10.

It is not explained what category of objective evidence this evidence is supposed to fit in or how it tends to show nonobviousness of patentee's invention. The Yano '202 patent and the Yano paper do not assert that they invented the serial multiplexer. The 1994 Yano paper discloses a 2-stage TGM (the Y_1 logic cell in Fig. 1), but does not disclose a 3-stage or 4-stage TGM. Since the '666 patent discloses a 2-stage TGM (Fig. 2), and since only claims 16, 17, 25, and 26 of the '666 patent are limited to more than two stages, it appears that patent owner considered the Yano paper to disclose the '666 invention. However, the claims have been limited in this reexamination to 3-stage and 4-stage multiplexers because prior art disclosed the 2-stage multiplexer; see, e.g., Fig. 2 of Goto '219 application. Thus, the Yano paper is not evidence of nonobviousness.

Mr. Tran's assertion that "[d]uring prosecution of the application that matured into the '202 patent, Hitachi represented to the U.S. Patent and Trademark Office that the circuits shown therein were patentable and not obvious" (¶ 22) is not supported by evidence from the prosecution history showing that it was represented that the circuits of Fig. 8B were patentable. Applicants do not assert that everything in the specification and drawings is novel and nonobvious: applicants only assert that the claimed invention is patentable over prior art known to them. The claims of the '202 patent are not directed to the '666 multiplexer circuits. There is no evidence of copying. The Yano '202 patent and the Yano paper are not entitled to any weight in the obviousness analysis.

Supplemental court documents

On May 19, 2005, patent owner filed an Information Disclosure Statement (IDS) under 37 C.F.R. §§ 1.555 and 1.98 providing a copy of numerous court documents from Translogic v. Hitachi, including: (1) transcripts from jury trial on damages (Vols. 1A, 1B, 2A, 2B, 3A, 3B, and 4A); (2) order of February 22, 2005, granting plaintiff's motion for summary judgment of infringement; (3) Hitachi's Emergency Motion for Stay of Permanent Injunction dated May 12, 2005; (3) district court order granting permanent injunction entered May 12, 2005; (4) verdict form (finding inducement of infringement and awarding $86.5 million in damages for infringement); (5) transcript of verdict proceedings of May 6, 2.005; (6) Welcome to the family - the SuperH RISC Engine Family of 32-bit RISC Microcomputers, HITACHI Today, Vol. 38 (Winter 1997); (7) HITACHI Technology PARTNER, Design Solutions from Hitachi Semiconductor (America) Inc. (July/August 1998); and (8) Civil Docket for Case #: 3:99-cv-00407-PA, Translogic Technology, Inc. v. Hitachi, Ltd. et al., U.S. District Court, District of Oregon (Portland). Patent owner asserted that "[c]ertain of these documents pertain directly to objective indicia of non-obviousness including commercial success, licensing, and copying of the invention as claimed in the pending merged reexaminations," referring to licensing by Intel Corp. and the commercial success and widespread use of products incorporating the claimed invention.

At the oral hearing on May 31, 2005, this panel gave the patent owner one week to file a paper

describing how the various documents evidenced nonobviousness. We indicated that the panel would exercise our discretion in deciding whether to consider this new evidence. Patent owner timely filed a statement on June 6, 2005 (pages referred to as "S__").

The purpose of an IDS in a reexamination proceeding is to satisfy the duty of the individuals associated with the patent owner to disclose to the Office all information known to be material to patentability. See 37 C.F.R. § 1.555(a). That is, an IDS presents evidence which bears on the issue of unpatentability, not patentability. Because all of the claims stand rejected, there is no reason to remand the case to the examiner for consideration of the IDS. The reexamination proceedings have already gone on long enough. Although we are not required to consider patent owner's statement, we nonetheless do so because a patent is involved. We address only the arguments actually presented by patent owner. Cf. In re Baxter Travenol Labs., 952 F.2d 388, 391, 21 USPQ2d 1281, 1285 (Fed. Cir. 1991) ("It is not the function of this court to examine the claims in greater detail than argued by an appellant, looking for nonobvious distinctions over the prior art."). Patent owner is precluded from raising new arguments on appeal. See In re Watts, 354 F.3d 1362, 1367, 69 USPQ2d 1453, 1457 (Fed. Cir. 2004) ("Just as it is important that the PTO in general be barred from raising new arguments on appeal to justify or support a decision of the Board, it is important that the applicant challenging a decision not be permitted to raise arguments on appeal that

were not presented to the Board." (Footnote omitted.)).

Patent owner states in the introductory paragraph (51-2):

> These itemized portions pertain to objective indicia such as licensing, initial skepticism and praise, commercial success, and copying of the claimed invention. As used herein, any products designated as "infringing" were found to infringe original claims 16 and 17 that remain pending (but are renumbered) in the merged reexaminations. The portions designated below in combination with other materials such as, for example, Mr. Tran's Declaration Concerning Commercial Success, establish that the invention of claims 16 and 17 provides results that are surprising to those of skill in the art, was praised by those of skill in the art by, for example being licensed for use in the Pentium 4 processor, and has demonstrated commercial success in a variety of products.

The items are listed in the statement with no explanation of how they fit into a category of evidence of nonobviousness or how there is a nexus to the merits of the claimed invention, e.g., "Statement by Mr. Axelrod [attorney for Hitachi] that all Hitachi SH-4 products include infringing circuit segments (at 46)" (S2) and "Testimony by Mr. Tran concerning software needed for automated inclusion of patented multiplexer circuits (at 8)" (S2). Patent owner essentially leaves it to us to do the

analysis for it. For this reason alone, the statement is unpersuasive. Nevertheless, we have tried to determine how the various statements might be considered to be evidence of nonobviousness.

Although patent owner refers to "initial skepticism" we find no statements which might fall into this category. Although patent owner refers to "copying of the claimed invention," none of the statements deals with "copying." It was asserted by defendants in the district court that there was no evidence of copying because the creation of circuits that give rise to claims in dispute were almost always by EDA (Electronic Design Automation) synthesis software (opening statement by Mr. Axelrod, attorney for defendant Hitachi, Vol. 1A, p. 55, lines 13-22; testimony of Mr. Hattori, Vol. 2B, p. 110, line 21, to p. 111, line 9). As far as we can determine, there is no evidence of copying. In any case, "more than the mere fact of copying by an accused infringer is needed to make that action significant to a determination of the obviousness issue." Cable Electric Products, Inc. v. Genmark, Inc., 770 F.2d 1015, 1028, 226 USPQ 881, 889 (Fed. Cir. 1985). "[Copying] may have occurred out of contempt for the specific patent in question." Id. There is no doubt in this case that Hitachi considered the '666 patent to be invalid.

The statements break down into four categories:

(1) commercial success of defendant Hitachi's processors; (2) licensing to Intel; (3) performance of the '666 circuits and statements about Dr. Yano's

paper and '202 patent; and (4) statements by Intel about TTI technology.

(1)

The "commercial success of products incorporating the claimed invention" (S5) relied upon by patent owner is the commercial success of Hitachi's SH-3 and SH-4 series microprocessors, which includes circuit segments which were found to infringe '666 patent claims 16 and 17 (rewritten here as claims 47 and 48) and which are incorporated in products by SnapGear, Compaq, Medtronic, Sega of America, Casio, Inc., LexMark, and others (S2-4). The argued commercial success is not due to any product by the patent owner. It is stated that "Intel licensed the patented technology for use in one of the most important products ever introduced, the Pentium 4" (S2). However, TTI's technology was never used in the Pentium 4 and the Pentium 4's success does not count as commercial success. It is stated that $62 million is the approximate total value of U.S. sales of infringing Hitachi products (S3). References to infringement, use of patented technology, and the amount of Hitachi sales of infringing products fall into this category.

Commercial success of an infringer's success and success of others may be entitled to weight. See 2 Patents § 5.05 [2] [g] . However, patent owner has not even attempted to establish a nexus between the commercial success of Hitachi's microprocessors and the merits of the claimed invention. The SH3 and SH-4 series microprocessors are complex, high-performance RISC (reduced instruction set

computer) microprocessors verified to be compatible with the Windows CE operating system and designed to offer low power consumption and to be used with a wide range of multimedia and communication products; see HITACHI Technology PARTNER under News Briefs and HITACHI Today. Testimony indicates that the infringing circuit segments formed an extremely small fraction of the overall microprocessors. For example, the percentage of transistors in the infringing circuits in the 7705 SH-3 (SH7705) microprocessor of the 5.2 million total number of transistors was 0.0064 percent (Vol. 2B, p. 112, lines 1-14) and the percentages of transistors in the infringing circuits to the total number of transistors in the 7750 SH-4 (SH7750) and 7760 SH-4 (SH7760) processors were 0.0056 percent and 0.0019 percent, respectively (Vol. 2B, p. 112, line 15, to p. 113, line 6). There were about 184 transistors in the infringing circuits and the SH7750 has about 3.3 million transistors and the SH7760 has almost 10 million transistors (opening statement of Mr. Axelrod, Vol. 1A, p. 46, line 22, to p. 47, line 3). There is no showing whatsoever that the success of the Hitachi microprocessors, and the products that they were part of, were due, even in part, to the merits of the '666 patent. In addition to failing to show that the commercial success was not due to unclaimed features of the operation of the 99.99% of the transistors in the microprocessors, patent owner has failed to address all the usual reasons why commercial success may not demonstrate a nexus to the merits of the claimed invention, such as advertising, seller's dominant market position, etc. Accordingly, no nexus has been established. The evidence of commercial success of Hitachi's

microprocessors and of the products that they were part of is not entitled to any weight in the obviousness determination.

(2)

The terms of the Intel license from TTI are not complete. The total value of the deal was $5 million and involved TTI patents, 5,040,139, 5,162,666, and 5,200,907 (testimony by Mr. Tran, Vol. 1B, p. 53, line 2, to p. 54, line 12). The deal was for $5 million over five years (testimony by Mr. Tran, Vol. 1B, p. 59, line 20). Intel internally assigned a value of $3.5 million to the three patents (testimony by Mr. Napper, witness for defendant, Vol. 3B, p. 6, lines 16-19). As stated in the opening statement by Mr. Axelrod, Vol. 1A, p. 61, line 9, to p. 62, line 17):

> What Intel negotiated for and got were 25 licenses to the software that Translogic developed. That includes the library products that you'll hear testimony about. This software and this library is basically the work product or end result of what it was that Translogic had been developing with many, many dollars of investors' money over a number of years.
>
> Then they got support, maintenance and upgrades to that software capability from Intel for over a period of five years. Mr. Tran will testify about what that support involved. He has testified previously sometimes it involved his entire company coming to work - not coming to work but supporting Intel or working on a particular problem Intel may

have. So it was not an insignificant commitment.

Then you will see in the course of their negotiations Intel insisted that it get license rights to all three of the patents, very different patents, that use this transmission gate technology that Intel was interested in and thought it might use in connection with the Pentium 4 product that was going to be coming out.

So it got rights to all three patents. I think they refer to them in the Intel license as the M cell patents. Then it got a release of any of the claims that Translogic may have had that Intel had done something in the past that infringed. You have this bundle as one reference point, and you kind of have to sort out through that.

The parties will give you very conflicting views. I think Mr. Love indicated they will want to say: Well that was all given to them for free, and the only thing that counted was the '666 patent, and we even discounted that. That's one of the things that you will be asked to evaluate.

See also Testimony of Mr. Scanlon (Vol. 2A, p. 94, line 17, to p. 96, line 21); closing arguments of Mr. Elkins, Vol. 3B, p. 115, lin 18, to p. 117, line 19). Thus, the license apparently included many components in addition to the multiplexer circuit of the '666 patent. Although Mr. Tran testifies that it is his opinion that the main value is in the '666

patent (Vol. 1B, p. 54, line 18, to p. 56, line 4), we find no evidence that Intel considered the '666 patent to be the main reason for the license. Patent owner could have, but did not provide a copy of the license agreement so that it could be evaluated. The license agreement could clarify the meaning of the term "M cell," which Mr. Tran uses to refer to the '666 patent, but which was apparently used by Intel to refer to all three patents. No nexus has been established between the Intel licensing agreement and the merits of the '666 patent and the licensing agreement is not entitled to any weight.

Moreover, Intel took a license after TTI had discussions with Hitachi and was considering suing Hitachi for infringement. Intel apparently considered licensing TTI's patents to avoid litigation costs. See Question by Mr. Elkins, attorney for defendants, on cross-examination (Vol. 2A, p. 100, lines 17-20: "[P]age 5 of Exhibit 266 . . . indicates that Intel apparently saw the benefit to taking a license because it would mitigate patent infringement risks." "[Licensing programs] are not infallible guides to patentability. They sometimes succeed because they are mutually beneficial to the licensed group or because of business judgments that it is cheaper to take licenses than to defend infringement suits, or for other reasons unrelated to the unobviousness of the licensed subject matter." EWP Corp. v. Reliance Universal Inc., 755 F.2d 898, 907-908, 225 USPQ 20, 26 (Fed. Cir. 1985). Intel could have decided that it was cheaper to take a license to all of TTI's patents than to get involved in an infringement suit. Thus, no nexus has been established between the Intel license agreement and

the merits of the '666 patent, and the license agreement is not entitled to any weight in the obviousness determination.

(3)

Several items deal with test results from tests run by Intel and Hewlett-Packard (testimony by Mr. Tran, Vol. IA, pp. 81-83; Vol. 1B, pp. 3-9). Patent owner has not provided any copies of the test results and there is no way of telling what was tested or what it was compared against or what the results were. The testimony of Mr. Tran is not clear as to exactly what was tested or what was superior in the test results. Some of the testimony indicates that the results were dependent on Mr. Tran's implementation of the multiplexer; e.g., "I need to design it, to lay it out, to extract it, to characterize test it -- after that, the real testing data that it produced, to see that the result of the testing, how fast the multiplexer would be in the real condition of the process that Intel have at that time" (testimony by Mr, Tran, Vol. 1A, p. 82, lines 5-10). We will not speculate on what was actually tested or what the test results show; the tests might just show measured results with no conclusion of whether the results are ordinary or unexpectedly good. Patent owner could have provided actual copies of the tests. The testimony of Mr. Tran referred to in the statement concerning the testing by Intel and Hewlett-Packard does not prove a nexus to the claimed invention and is not entitled to any weight

The statement also refers to "Testimony by Mr. Tran concerning promotion of serial multiplexer

technology, referred to as Y-cell technology, in Hitachi premier product (SH-4), praise for remarkable speed improvement obtainable with serial multiplexer technology as noted by Mr. Yano's '202 patent, and statement that increased speed is available with a power reduction of 23% ([Vol. 1B] at 10-18)" (S2). These statements appear to be just Mr. Tran's personal interpretation of the facts. While the SH-4 series microprocessors were found to contain 4:1 and 5:1 serial multiplexers under the '666 patent, there is no evidence that Hitachi "promoted" serial multiplexer technology or that it even knew that it contained this circuitry. It is true that the Yano '202 patent shows 4:1 and 5:1 serial multiplexers in Fig. 8B, but this is not Yano's claimed invention; the figure shows many ways to arrange multiplexer circuits, none of which was claimed. Mr. Tran's testimony does not demonstrate a nexus between the Yano patent and article and the merits of the claims 16 and 17 of the '666 patent and is not entitled to any weight in the obviousness determination.

(4)

The statement refers to statements by Mr. Love, one of TTI's attorneys, referencing an Intel document that states: "Reduces interconnects and improves performance of RLS. Provides faster, denser, lower-power synthesized logic. Is target for deployment in Northwood." (Vol. 3B, p. 103, lines 13-15.) We do not have a copy of this document and do not know the context of the statement. Perhaps the statement refers to all three TTI patents, which deal with multiplexers. These statements, in isolation, provide no nexus to the merits of the '666 patent.

The statement also refers to a "Statement by Mr. Love referencing an Intel statement concerning lack of alternatives to patented technology ('There's no substitute at this time.') ([Vol. 3B] at 107)" (S4) The full quotation is "Don't use TTI technology. There's no substitute at this time." (Vol. 3B, p. 107, lines 7-8.) It is ambiguous whether this means there are no alternatives to TTI's technology or that Intel was not planning to substitute TTI's technology in their product. We do not have a copy of this document and we do not know the context of the statement. This Intel statement, in isolation, provides no nexus to the merits of the '666 patent. Accordingly, the statements of Mr. Love are not entitled to weight in the obviousness determination.

Conclusion regarding objective evidence

For the reasons discussed above, we find that no nexus has been established between the evidence and the merits of claims 16 and 17 of the '666 patent (now claims 47 and 48). The evidence is not entitled to any weight in the obviousness determination.

Motivation

Whether there is motivation to combine the references is a question of fact drawing on the factors of Graham v. John Deere Co., 383 U.S. 1, 17-18, 148 USPQ 459, 467 (1966.) See McGinley v. Franklin Sports, Inc., 262 F.3d 1339, 1351-52, 60 USPQ2d 1001, 1008 (Fed. Cir. 2001). This is a fifth factual finding.

The networks in Gorai and Tosser are only block diagrams and must be implemented with

actual, physical circuits to be useful. One of ordinary skill in the art would have recognized that any known 2:1 multiplexer circuit could be used to implement the 2:1 multiplexers in Gorai and Tosser. Weste teaches that 2:1 TGM circuits were well known in the logic design art. The motivation to combine flows from the fact that physical circuits are needed to implement the multiplexer blocks in Gorai and Tosser, and because TGM circuits were a well-known multiplexer implementation to those of ordinary skill in the art as taught by Weste.

Obviousness conclusion

One of ordinary skill in the art at the time of the invention would have been motivated to use 2:1 transmission gate multiplexers (TGMs) as taught by Weste for the 2:1 multiplexers in the series arrangements of multiplexers in Gorai and Tosser because one skilled in the art would appreciated that any conventional multiplexer circuit could be utilized to implement the 2:1 multiplexer blocks in Gorai and Tosser, and because TGMs were well-known multiplexer circuits as evidenced by Weste. We determined that the objective evidence of nonobviousness is not entitled to any weight in the obviousness determination because no nexus has been shown to the merits of the subject matter of claims 16 and 17 of the '666 patent (claims 47 and 48 in these reexaminations). Nevertheless, even if the evidence was somehow related to the merits of the '666 patent, it would not overcome the very strong case of obviousness. The evidence does not show that TGMs would have been a nonobvious multiplexer implementation.

Arguments

Patent owner's arguments were considered in making the obviousness determination, but were not convincing for the following reasons.

(1)

Patent owner argues that a p-stage Gorai circuit can receive only (p+1) variables (p control variables plus 1 input variable) and, therefore, the 7 input terminals of a 3-stage Gorai circuit is configured to realize a function of only 4 different variables instead of 7 variables as claimed (Br14-15; RBr6-8). It is argued that in the general p-stage multiplexer network arrangement of Fig. 3, the control inputs (x_1, ..., x_{p-1}, x_p) and g_p input are variables, but the h_k inputs must be a constant (0 or 1) or one of the variables (x_1, ..., x_{p-1}, x_p, g_p) (Br15).

This argument is based on the statement in Gorai that "an $M(p)$ can realise any function of (p+1) variables" (page 164) and is incorrect for several reasons. First, the statement means that all possible functions of (p+1) variables can be realized, not that only functions of (p+1) variables can be realized; see Appendix A for a technical explanation. Second, Gorai discloses that "an $M(p)$ having $p + k$ ($= p + 2^p$) inputs has the potential of realising functions of up to ($p + 2^p$) variables" (page 164), so an M(p) is clearly not limited to functions of (p+1) variables. A 2:1 multiplexer (p=1, 2^p=2) can realize functions of up to three variables: one control variable and two input variables. Third, Gorai discloses that for each stage the data input "h can assume any one of the four

values: 0, 1, x_i or $\bar{x}_1$ where x_i is another variable other than x_m [the control variable for that stage]" (page 165). The input variable x_1 is not required to be, but can be, a function of one of the control variables x_m. Fourth, the statement about $M(p)$ does not apply to a cascade of 2:1 multiplexers: an $M(p)$ is a conventional multiplexer with p control lines to select one of $k=2^p$ inputs to output on the output line. Because each input to a multiplexer can be a different variable, the cascade circuit in Fig. 3 can accept $(2p+1)$ different variables (p control variables and $(p+1)$ input variables); thus, a 3-stage network would have three control variables and four input variables as recited in claim 47, and a 4-stage network would have four control variables and five input variables as recited in claim 48.

(2)

It is argued that the examples in Gorai and Tosser lack the requisite number of input terminals for control and input variables to perform a multiplexing function.

Gorai

It is argued that the combinational circuits in the examples in Figs. 6, 8, 9, and 10 of Gorai "all fail to show or include three cascaded 2:1 multiplexers coupled to receive seven variables (four input variables and three control signals) or nine variables (five input variables and four control signals) as recited in the pending claims" (RBr7).

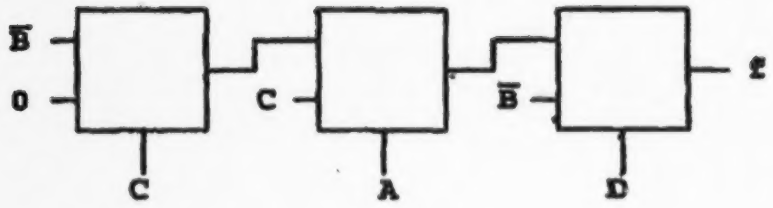
To keep the analysis simple, the rejection over Gorai relies on the general p-stage cascade

multiplexer circuit taught in Gorai's Fig. 3 and the corresponding text. This cascade multiplexer arrangement has inputs for p control variables and $(p+1)$ input variables. Thus, a 3-stage multiplexer has inputs for three control variables and four different input variables, as recited in claim 47, and a 4-stage multiplexer has inputs for four control variables and five different input variables, as recited in claim 48. The fact that the examples apply this multiplexer structure to realize functions of only four variables does not change the multiplexer structure.

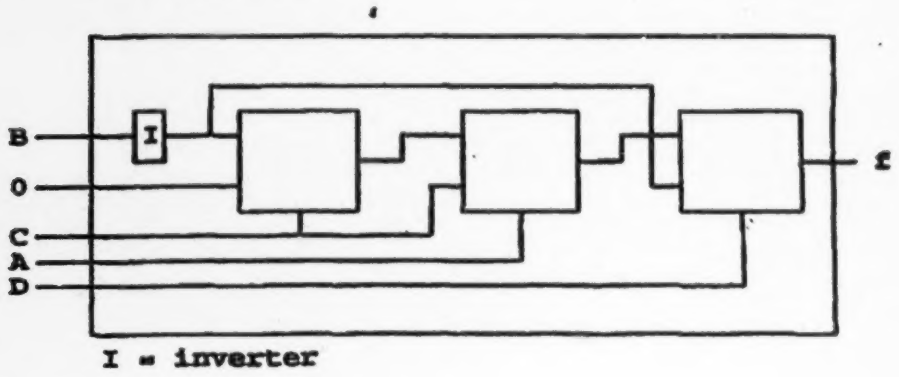
Tosser

It is argued that the circuit in Fig. 9 of Tosser, relied upon by the examiner, is only coupled to receive two different input variables, D (or $\overline{D}$) and C, where "0" is a constant (Br12-13), and "a circuit coupled to receive only two input variables cannot be a 4:1 multiplexer that must necessarily be coupled to receive four different input variables in order to select one of the four different input variables as an output" (Br13). It is argued that Fig. 9 discloses coupling the same variable (C or $\overline{C}$) to both a control input terminal and a signal input terminal and, "[b]ecause Tosser's, Fig. 9 circuit does not distinguish input variables and control signals, Tosser's Fig. 9 circuit cannot perform a 4:1 multiplexing function" (Br16).

Patent owner also argues that Tosser's Fig. 6 does not show a 4:1 serial multiplexer. Figure 6 of Tosser is shown below.



Patent owner presents the following figure adapted from Tosser's Fig. 6:



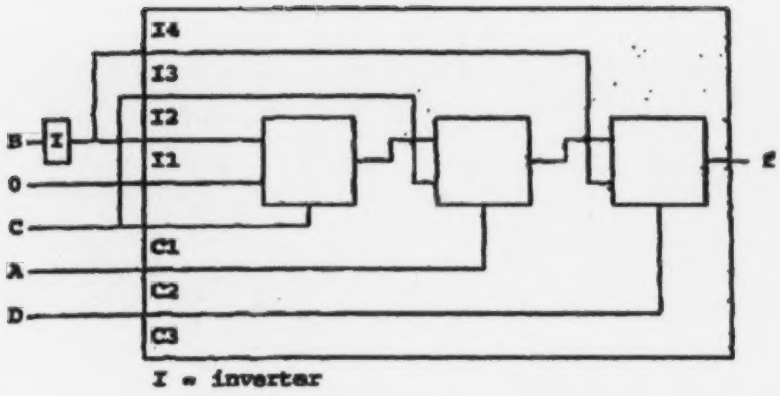
It is argued (Br16):

> This circuit is configured to receive at most four input variables (*A,B,C,D*). One input (*C*) is coupled to a control input of the first stage and to a signal input of the second stage. Thus, this three stage cascade also lacks any distinction of control signals and input variables as recited in the subject claims. In addition, only two inputs (*B,C*) are coupled to

> signal input terminals, and only these two inputs can be coupled to the output. Inputs (*A,D*) are coupled only to control inputs and cannot be selected for coupling to the output. Thus, this circuit cannot perform the multiplexing function of the claimed 4:1 serial multiplexer circuits.

It is argued that expert opinion reinforces the conclusion that the circuit of Tosser's Fig. 6 is not a multiplexer (Br17). Dr. Sechen is a witness adverse to the patent owner in the related litigation (Br17). Figure 1 of Exhibit 14 of Dr. Sechen's deposition (Exhibit G to the brief) shows the same figure adapted from Tosser's Fig. 6 above. Dr. Sechen stated that "that circuit is certainly not a serial multiplexer." Deposition of Carl Sechen, Ph.D., August 18, 2003, at 161 (Exhibit G to brief). It is argued that "[m]ultiplexer circuits necessarily have terminals for control signals and distinct terminals for input variables" (Br17).

Patent owner's graphical arguments concerning Fig. 6 also apply to Fig. 9. We prefer to redraw Fig. 6 as shown below.



The structure of three multiplexers in series with three control variables (C1,C2,C3) and four input variables (I1,I2,I3,I4) is clearly present. Claim 47 reads on this structure (except for the TGMs) because it does not preclude the additional structure Tosser uses to implement the logic function, and because the actual inputs are not part of the claim. That is, claim 47 is directed to the bare multiplexer circuit, whereas Tosser shows the same multiplexer circuit (except for the TGMs) with the inputs connected to realize a specific logic function. The examples in Gorai also show serial multiplexer structures, as claimed (except for the TGMs), connected to realize specific logic functions.

(3)

It is argued that Gorai and Tosser do not teach that the input variables and control variables are independent of each other. It is argued that coupling an input terminal and a control terminal to receive the same variable, as in Fig. 9 of Tosser, which are coupled to receive $\overline{C}$ and C, respectively, is

"forbidden in a multiplexer circuit" (RBr12) and "[i]n the claimed multiplexer circuits, input variables are never applied to control input terminals, and control input signals are never applied to input terminals, and can never appear as outputs" (RBr12). Patent owner argues (RBr17) that the examiner errs in stating that "nowhere do the claims recite that the input variables are independent of each other, or that they are independent of the control inputs" (EA14-15). It is argued that the input variables are distinguished as first, second, third, and fourth input variables, the control signals are distinguished as first, second, and third control signals and "all variables have different names, indicating they are different" (RBr17).

As noted in the claim interpretation section, the variables are not part of the claims, which are directed to a multiplexer structure, not how it is used. Thus, it is sufficient that the input terminals are "capable of" being connected to independent control and input variables. Claim 47 does not require the first, second, third, and fourth input variables to be different variables from the control variables. It is not forbidden for a multiplexer to have some of the input variables set to be the same as some of the control variables. A multiplexer selects one of the input variables as an output. It makes no difference to the multiplexer structure whether the input variables are independent of each other or of the control variables, or whether the inputs are variables or constants; it is still a structure that selects one of the inputs to be output.

Nevertheless, Fig. 3 and the corresponding text of Gorai teaches that the input and control variables can all be independent. The structure of a 3-stage series of multiplexers can be connected to realize functions of seven or fewer variables without any change in the multiplexer structure itself.

Tosser shows a multiplexer structure as claimed (except for the use of TGMs) which is connected in certain ways to realize functions of four variables. The fact that the multiplexer is applied to realize functions of only four variables does not alter the fact that the structure could be connected to realize functions of seven variables.

(4)

It is argued that Gorai and Tosser teach combinational logic circuits, not multiplexer circuits. It is argued (RBr5) :

> Gorai teaches a specific way to cascade 2:1 multiplexer circuits to form combinational logic circuits in which inputs are combined to realize a logical function. In contrast, the pending claims are directed to multiplexer circuits in which one of a plurality of inputs is selected for delivery to an output, but in which no inputs are combined.

And (RBr9):

> Tosser, like Gorai, teaches a specific way to cascade multiplexer circuits to implement logic functions. In contrast, the pending claims are directed to multiplexer circuits in

> which one of a plurality of inputs is delivered to an output, not circuits that realize combinational logic.

Patent owner argues that the examiner errs in concluding (at EA16) that the combinational logic circuits of Gorai's Fig. 3 and Tosser's Fig. 9 are clearly performing a multiplexer function and in concluding that any circuit that includes a 2:1 multiplexer is a multiplexer regardless of the coupling of its inputs and outputs (RBr18). It is argued that under this interpretation, the buffer, NAND gate, and flip-flop illustrated in Exhibit D to the reply brief would become multiplexers, which is an unreasonable construction (RBr18). It is argued that a "multiplexer" is defined as "a hardware circuit for selecting a single output from multiple inputs," and that the circuits in Gorai and Tosser do not perform a multiplexer function (RBr18).

These arguments are totally without merit. Gorai teaches that "multiplexers (MUX) can be used as universal logic modules in the realisation of combinational circuits" (page 164). A multiplexer or a series of multiplexers can be utilized to implement combinational logic circuits, such as buffers and NAND circuits and more complicated functions, by selecting a single output from multiple inputs according to the control variables. For example, as noted in Appendix A, there are 16 logic functions of two variables that may be implemented with a 2:1 multiplexer (not all of which are useful), including AND, NAND, OR, and buffer functions. Multiplexers remain multiplexers no matter what logic circuit they implement by different connections of the

inputs. The claimed multiplexers will inherently realize combinational logic functions when they are connected to receive specific combinations of variables as patent owner is well aware. U.S. Patent 5,040,139 to Dzung J. Tran, the same inventor as the '666 patent, and also assigned to patent owner, shows the use of multiplexers to realize logic functions. And, if the discussions between TTI and Cadence involved the '666 patent's multiplexer, the primary use was to construct multi-level logic (Exhibit 4 to Tran declaration of Exhibit I).

(5)

It is argued that Gorai and Tosser teach using conventional binary tree multiplexers in their combinational logic circuits and do not suggest the claimed serial multiplexer circuits (Br19). It is argued that "[b]oth Tosser and Gorai turn to conventional [binary tree] multiplexer circuits whenever an N:1 multiplexer circuit is needed" (emphasis omitted) (Br19).

Apparently the argument is that Gorai and Tosser do not call a cascade arrangement of multiplexers a "multiplexer," so it must not be a multiplexer and the only multiplexers are the individual multiplexers that make up the network. Since Gorai and Tosser disclose a serial network of 2:1 multiplexers, the same structure as patent owner's invention, it is not known how patent owner can reasonably make this argument. The fact that a multiplexer structure can be connected in various ways to implement different logic functions does not mean that it is not a multiplexer.

(6)

It is argued that one skilled in the art would not arrive at the claimed 4:1 or 5:1 multiplexer circuits by following Gorai's synthesis method of generating a minterm table and applying an algorithm to the table. It is argued (RBr8-9):

> Because Gorai does not teach or suggest a minterm table for a serial multiplexer function, and provides no motivation to obtain such a minterm table or ratio parameters for a serial multiplexing function, Gorai necessarily fails to teach or suggest any such serial multiplexer circuits. Moreover, even if Gorai taught or suggested an appropriate minterm table, following Gorai's teaching of minterm table (ratio parameters) + algorithm = cascade circuit, would not produce the claimed multiplexer circuits. As stated in the Declaration of Joseph Tran (attached as Exhibit C [to the reply brief], submitted on September 17, 2003), following Gorai's procedure would produce a 4:1 multiplexer having six stages and a 5:1 multiplexer circuit having eight stages, not three or four stages recited in the pending claims. Therefore, using the method of Gorai to construct a multiplexer circuit having a truth table that is identical to that of the claimed 4:1 multiplexer circuits fails to produce the claimed multiplexer circuit.

The rejection does not rely on following Gorai's synthesis method. There is no need to follow Gorai's

synthesis method to realize a 4:1 or 5:1 multiplexer because Fig. 3 already shows a the p-stage serial multiplexer circuit which is a $(p+1)$:1 multiplexer.

(7)

Patent owner notes that the rejections of the 5:1 multiplexer claims appear to be based on a combination of Tosser modified to include an additional (fourth) stage and Weste (RBr19). It is argued that "even if Tosser disclosed 4:1 multiplexer circuits, Tosser expressly states that his method cannot be extended, and teaches away from providing a fourth stage such as recited in the 5:1 multiplexer circuit claims" (RBr19-20), so the "5:1 multiplexer circuit claims are separately patentable over the Tosser/Weste combination" (RBr20).

It is true that Tosser only expressly shows three multiplexer stages. Nevertheless, Tosser does not state that a cascade of multiplexers is limited to three stages; it only states that the synthesis method is limited to functions of six variables. The examiner concluded that one of ordinary skill in the art would have been motivated to extend the teaching of three stages of 2:1 multiplexers in Tosser to four stages to allow processing of more input signals (FR7) and patent owner has not shown any error in this reasoning. The rejection relies on the multiplexer structure shown in the figures, not on Tosser's method of synthesizing a logic circuit.

(8)

Patent owner argues that there is no motivation to combine the teachings of Gorai or

Tosser with Weste's TGM circuit (Br21-22). It is argued that Weste teaches that CMOS transistor pairs should be avoided in serial connections such as those recited in the pending claims because, "[a]ccording to Weste [at pages 174-175], pass transistor networks such as TGMs incur extra delays, exhibit higher internal node capacitances and higher series resistances, consume more circuit area, and require true and complement control variables" (Br22).

Weste discloses that pass transistor logic is popular in nMOS circuits and "the simplest example probably being a 2-input multiplexer" (page 172). Weste discloses (pages 174-175):

> The apparent advantages of pass transistor networks in CMOS should be studied carefully and judiciously utilized. A few points detract from the use of pass networks. To achieve good logic levels complementary pass networks are desirable but incur extra delay in pull-down. In comparison to regular gates, the merging of source and drain regions is difficult, leading to higher internal node capacitances. Finally true and complement control variables are required.

Thus, Weste disclose that pass transistor (transmission gate) networks have advantages and a few disadvantages. One skilled in the art would have been motivated to use TGMs for their known advantages and there is nothing that would lead one skilled in the art away from using TGMs.

Weste does not state that TGMs exhibit higher series resistances and consume more circuit area, as argued by patent owner. Patent owner is probably relying on the article by C. Zhang, Universal logic gate transmission gate array, Electronic Engineering, October 1985, pages 61-67, at page 63, which mentions these disadvantages for one circuit embodiment. Nevertheless, Zhang discloses that other circuits can overcome these problems. In any case, both Weste and Zhang disclose that TGMs are used for multiplexer circuits. Therefore, the advantages must outweigh whatever disadvantages TGMs might have, and one of ordinary skill in the art would not have been lead away from using TGMs; see EA21-22. Patent owner does not claim to have overcome the disadvantages of TGMs.

(9)

Patent owner argues that "[f]urther evidence of non-obviousness is set forth in a Statement Concerning Commercial Success and Other Objective Indicia of Non-Obviousness" (Br22).

This statement has been considered in the discussion of the objective evidence.

(10)

Patent owner argues that the examiner errs in stating (at EA14) that a variable and its logical complement, e.g., D and $\overline{D}$, are two different variables (RBr15-16).

We agree with patent owner that a variable and its logical complement are the same variable. A

variable and its complement represent different states of the same variable. However, the examiner's statement does not affect the decision. Gorai teaches that a *p*-stage serial arrangement of 2:1 multiplexers can receive *p* control variables and (*p*+1) input variables. The examples in Tosser and Gorai disclose a serial arrangement of three 2:1 multiplexers, which forms a multiplexer that meets the limitations of claim 47 (except for the TGMs). The fact that the examples show the multiplexer arrangement connected in specific ways to realize specific functions of less than the number of variables that could be handled is not important because: (1) the claims are open ended and do not preclude the additional structure that is used to connect the input terminals of the multiplexers to specific variables; and (2) the input variables are not part of the claimed structure. Since the multiplexer structure is disclosed in the examples, patent owner can at most argue that connecting different inputs to the multiplexer than the ones shown in the examples is a new use of an old machine. However, the use is not new since the multiplexers are intended to multiplex any set of inputs and, furthermore, the input signal variables are not part of the claimed structure. Also, a new use would have to be claimed as a process claim. 35 U.S.C. § 100(b).

(11)

Patent owner argues that the examiner errs in stating (at EA15-16) that input signals are all "input variables" regardless of whether or not they are set to a constant value because a constant (0 or 1) is not a variable (RBr16-17).

We agree that a constant (0 or 1) is not a variable. A variable must be capable of assuming, at any given time, either one of at least two values (0 or 1), whereas a constant has a fixed value. Gorai distinguishes between variables and constants; e.g., "the remaining 8 variables, or their complements or constant (0 or 1)" (page 164) and "[f]or the last stage g_p is reduced to a single variable or constant 0 or 1" (page 166). However, since the input signals are not part of the claimed structure, it does not matter whether the inputs are variables or constant as long as the multiplexer is capable of handling variables.

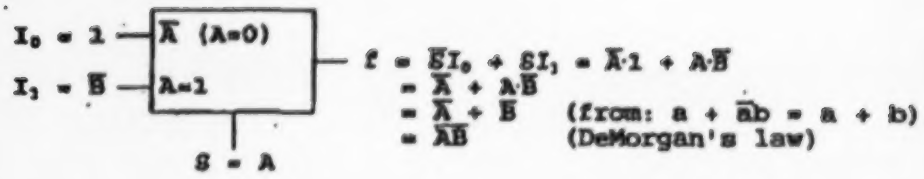
It is argued (RBr17):

> When the input of a TG [transmission gate) is coupled to receive a variable, the TG functions as a multiplexer. When the input of a TG is coupled to receive a constant, the TG functions as a logic gate such as a NAND, NOR, or buffer. Representative logic gates coupled in this manner are shown in Exhibit D. If a constant were a variable, then the buffer circuit shown in Exhibit D would be a multiplexer. It is not.

This argument is incorrect. A multiplexer selects one of the input variables as an output and has the truth table shown in Table 1.4 (page 17) of Weste and in Exhibit D to the reply brief (where each "X" in Table 1.4 of West is a "don't care" that can be replaced by either a "0" or a "1" to give the truth table of Exhibit D). The multiplexer structure is the same whether the data inputs are variables or constants. The only difference is that there are

fewer rows in the truth table when one or both inputs are a constant. Gorai discusses that the control inputs to a multiplexer are variables, while the data inputs can be a variable, its complement, or a constant (0 or 1) (page 165). As apparent from the example for an *M(3)* in Gorai (page 165), for a 2:1 multiplexer *M(1)*, there are two variables, two complements, and a constant (0 or 1) (6 possible input values) that can be applied to each input , for a total of 6^2 distinct-functions that can be realized. when the inputs are limited to variables, only 4^2 functions can be realized. In any case, the multiplexer performs as a multiplexer whether the inputs are constant, variables, or a mix of constants and variables.

The buffer in Exhibit D to the reply brief is a multiplexer with one input connected to the supply voltage V (a logical "1") and the other input connected to ground (a logical "0"). When the control variable A=1, the multiplexer selects the supply voltage V, and when A=0 ($\overline{A}$ =1), the multiplexer selects ground. Similarly, the multiplexer for the NAND gate selects between a constant supply voltage V (a logical "1") and a variable complement $\overline{B}$. The multiplexer acts as a multiplexer regardless of whether the inputs are constants or variables. While patent owner has drawn the logic symbols, functions, and truth tables in Exhibit D to appear as different as possible from the those for the multiplexer, each logic function is, in fact, one connection of the multiplexer. For example, NAND gate can be drawn using the multiplexer symbol and function in Exhibit D:



The multiplexer selects a "1" if A=0 and selects "$\overline{B}$" if A=1. The truth table with entries for all the inputs is

S=A	$I_1=\overline{B}$	$I_0=1$	F
0	0	1	1
0	1	1	1
1	0	1	0
1	1	1	1

This can be redrawn as a function of A and B as in Exhibit D. The truth table contains half the number of rows as the general multiplexer truth table because input I_0 is a constant.

(12)

Patent owner argues that the examiner errs in finding (at EA15) that the internal outputs of the first and second multiplexer stages in Fig. 3 of Gorai are "input signals" (RBr17-18). It is argued that the examiner's interpretation of these internal signals as "input signals" is not reasonable because it strips the word "input" of meaning (RBr18).

The claims recite "input variables," not "input signals." We agree with patent owner that the outputs of the multiplexers can not be construed as the claimed "input variables." The claims recite that the TGM circuit signal input terminal not coupled to a previous stage output terminal is "coupled to receive" the "input variable"; thus, the TGM output cannot be an "input variable." However, the examiner points out that Fig. 3 of Gorai (for $p = 3$) shows seven input variables besides the two internal inputs from the multiplexers (EA15). Accordingly, it is not necessary to rely on the TGM outputs as "input variables" and the examiner's statement is harmless.

(13)

It is noted (RBr19) that the examiner's answer finds that "both Tosser and Gorai clearly teach 4:1 multiplexer circuits having three cascaded stages, and lack only the teaching to implement the stages using the well-known transmission gate multiplexer [TGM] circuits" (EA8). It is argued that "[i]f the Answer contends that, absent the recited TGM circuits, the rejections are based on some other modifications of either Tosser or Gorai, or require features not found in either Tosser or Gorai, Patentee requests clarification and an opportunity to respond to such a rejection" (RBr19).

Patent owner correctly understands that the examiner finds the only difference between the claimed 4:1 multiplexer in claim 47 and the p-stage (with p=3) multiplexer in Gorai's Fig. 3 and the 3-stage multiplexer in Tosser is the use of TGMs. The examiner finds that the claimed 5:1 multiplexer with

4 stages in claim 48 is disclosed by the *p*-stage (with *p*=4) multiplexer in Gorai's Fig. 3 except for the TGMs. The examiner recognizes that a 4-stage serial multiplexer and the use of TGMs is not shown in Tosser, but concludes that one skilled in the art would have been motivated to modify the 3-stage multiplexer in Tosser to add an additional stage to allow processing of more input signals (FR7). This opinion does not alter the examiner's rejection.

(14)

Patent owner argues that the examiner incorrectly concluded that the licensing discussed in Mr. Tran's declaration under 37 C.F.R. § 1.132 concerning commercial success is mere potential licensing, whereas the declaration and accompanying exhibits demonstrate actual, not potential licensing (RBr19).

The only actual licensing is the licensing to Intel Corp. As discussed in the analysis of the objective evidence, it is not known exactly what was licensed and patent owner has established no nexus between what was licensed and the claims of the '666 patent. The other evidence about discussions with Cadence, National Semiconductor, and Hewlett-Packard show only that these companies might be interested in something (not identified) by TTI, not that any licensing took place. We further agree with the examiner's appraisal that this evidence does not rise to the level of actual "licensing" or "commercial success" (EA23).

CONCLUSION

The rejections of claims 16, 17, 39-45, 47, and 48 are affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136 (a). See 37 C.F.R. § 1.136 (a) (1) (iv).

AFFIRMED

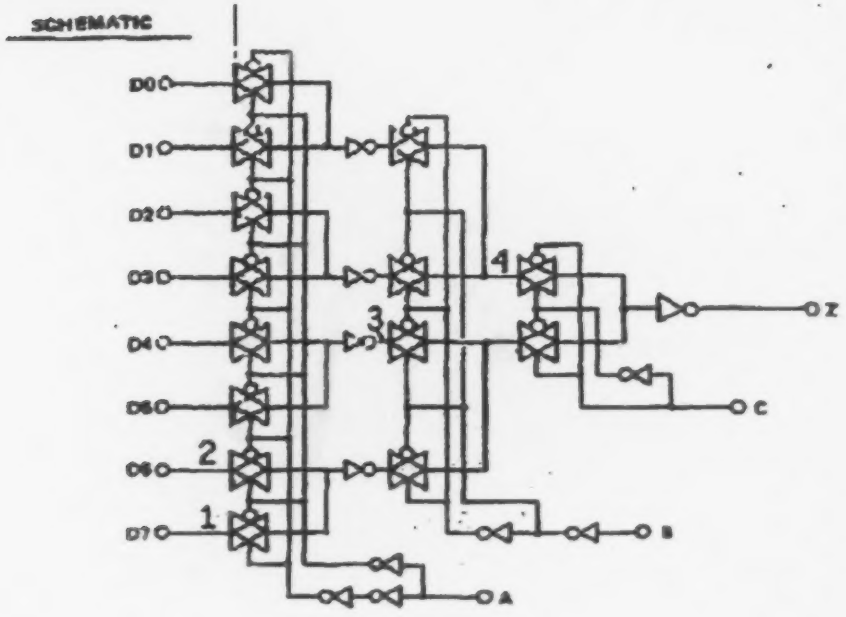
s/Errol A. Krass	)	
ERROL A. KRASS	)	
Administrative Patent Judge	)	BOARD OF PATENT APPEALS
	)	AND
s/Robert Nappi	)	INTERFERENCES
ROBERT NAPPI	)	
Administrative Patent Judge	)	
	)	

BARRETT, Administrative Patent Judge.

These additional comments are added because I think it should be pointed out that claim 47 is anticipated by the Toshiba TC19G000 Series, MUX8 Macrocell Data Sheet, page 1-110, May 1986, reproduced in Appendix D, and that claim 48 would have been obvious over Toshiba MUX8 in view of patent owner's admissions. I write separately because the panel does not want to raise any question of a new ground of rejection in the main opinion.

The Toshiba MUX8 reference was cited by the inventor in the background of the '666 patent (col. 1, lines 31-34). The Toshiba MUX8 multiplexer is a binary tree arrangement of 2:1 transmission gate multiplexers (TGMs) having four TGMs in the first stage controlled by control input A, two TGMs in the second stage controlled by control input B, and one TGM in the third stage controlled by control input C, forming an 8:1 multiplexer.

Claim 47 is an open-ended claim and does not preclude additional structure. It can be easily seen that the Toshiba MUX8 anticipates the subject matter of claim 47 from the figure on the next page in which the structure of claim 47 is shown in black lines (having four data input variables 1, 2, 3, and 4, and three control variables A, B, and C) and the additional structure not precluded by claim 47 is shown in gray.



The instant reexaminations were all filed before the changes to 35 U.S.C. §§ 303(a) and 312(a) allowing consideration of old art in a reexamination proceeding. See In re Bass, 314 F.3d 575, 576 n.*, 65 USPQ2d 1156, 1157 n.* (Fed. Cir. 2002). Although we do not find any reference to the Toshiba MUX8 reference in the reexaminations, this may be because it was thought not to be permitted. This case is a good example of why old art, which may not have been fully appreciated by the examiner, should be allowed to be considered in a reexamination.

The '666 patent admits that known multiplexer circuits are built up of a binary tree arrangement of 2-input multiplexers and can have any number N input variables (col. 1, lines 9-39). In particular, there can be 16 multiplexer circuits in the first stage (col. 1, line 38), requiring four stages. It would have been obvious to one of ordinary skill in the art to extend the 8:1 binary tree arrangement of TGMs as taught by Toshiba MUX8 to a known 16:1 multiplexer in view of patentee's admission and such a four stage arrangement of 2:1 multiplexers contains the 5:1 multiplexer of claim 48.

s/Lee E. Barrett)
LEE E. BARRETT) BOARD OF PATENT
Administrative Patent Judge) APPEALS AND
) INTERFERENCES
)

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APPENDIX C

NOTE: This disposition is nonprecedential.

United States Court of Appeals
for the Federal Circuit

2005-1387, 2006-1333

TRANSLOGIC TECHNOLOGY, INC.,

Plaintiff-Appellee,

v.

HITACHI, LTD., HITACHI AMERICA, LTD.,
and RENESAS TECHNOLOGY AMERICA, INC.,

Defendants-Appellants.

Jeffrey S. Love, Klarquist Sparkman, LLP, of Portland, Oregon, argued for plaintiff-appellee. With him on the brief were Jared S. Goff and John D. Vandenberg. Of counsel was Kevin M. Hayes.

James G. Gilliland, Jr., Townsend and Townsend and Crew LLP, of Palo Alto, California, argued for defendants-appellants. With him on the brief were Madison C. Jellins and D. Stuart Bartow. Of counsel on the brief were David Axelrod, Schwabe, Williamson & Wyatt, P.C., of Portland, Oregon, and Nathan Lane III, Squire, Sanders & Dempsey L.L.P., of San Francisco, California, and David S. Elkins of Palo Alto, California.

Appealed from: United States District Court for the District of Oregon

Senior Judge Owen M. Panner

NOTE: This disposition is nonprecedential.

United States Court of Appeals
for the Federal Circuit

2005-1387, 2006-1333

TRANSLOGIC TECHNOLOGY, INC.,

Plaintiff-Appellee,

v.

HITACHI, LTD., HITACHI AMERICA, LTD.,
and RENESAS TECHNOLOGY AMERICA, INC.,

Defendants-Appellants.

DECIDED: October 12, 2007

Before MAYER, RADER, and PROST, Circuit Judges.

RADER, Circuit Judge.

The United States District Court for the District of Oregon entered judgment against Hitachi, Ltd., Hitachi America, Ltd., and Renesas Technology America, Inc. ("Hitachi") for infringement of U.S. Patent No. 5,162,666 ("the '666 patent") owned by Translogic Technology, Inc. ("Translogic"). Translogic Tech., Inc. v. Hitachi, Ltd., Hitachi Am., Ltd., and Renesas Tech. Am., Inc., Civ. No. 99-407-PA, (D. Or. May 12, 2005) ("Opinion"); Translogic Tech., Inc. v.

Hitachi, Ltd., Hitachi Am., Ltd., and Renesas Tech. Am., Inc., Civil Action No.: 3-99-00407-PA (D. Or. December 13, 2005) ("Final Judgment"). The judgment imposed monetary damages and a permanent injunction. Id. The '666 patent describes a multiplexer circuit "formed of two-to-one transmission gate multiplexer ("TGM") circuits connected in series." '666 Patent Abstract.

In a parallel case before the same panel of this court, Translogic appealed the decision of the United States Patent and Trademark Office's Board of Patent Appeals and Interferences ("Board") upholding a patent examiner's rejection, in reexamination, of the '666 patent. Ex parte Translogic Tech., Inc., Appeal No. 2005-1050, Board of Patent Appeals and Interferences (July 14, 2005) (Request for Rehearing denied on October 26, 2005). The Board held the claims of the '666 patent obvious based on prior art references disclosing series multiplexer circuits in view of a 1985 textbook disclosing TGM circuits. Id. This court, in a precedential opinion, affirmed the Board's decision that the claims of the '666 patent are obvious under 35 U.S.C. § 103(a). In re Translogic Tech., Inc., ---- F.3d ---- (Fed. Cir. 2007). In light of this court's decision in In re Translogic Tech., Inc., this court vacates the district court's decision and remands this case to the district court for dismissal.

VACATED and REMANDED

COSTS

Each party shall bear its own costs.

2005-1387,2006-1333

APPENDIX D

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

06-1192

(Re-examination Nos. 90/005,384;
90/005,823; 90/005,881; 90/006,051 and 90/006,392)

IN RE TRANSLOGIC TECHNOLOGY, INC.

ORDER

NOTE: This order is nonprecedential.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

ORDER

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellant, and a response thereto having been invited by the court and filed by the Appellee,* and the petition for rehearing and response, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on January 31, 2008.

Chief Judge Michel did not participate in the vote.

FOR THE COURT,

s/Jan Horbaly/JB

Jan Horbaly

Clerk

Dated: 01/24/2008

cc: Richard L. Rainey
Stephen Walsh, James G. Gilliland, Jr.

IN RE TRANSLOGIC TECHNOLOGY, 2006-1192 (PTO - 90/005,384)

FILED

U.S. COURT OF APPEALS FOR THE FEDERAL CIRCUIT

JAN 24 2008

JAN HORBALY

CLERK

*Response also filed on behalf of the Intervenor, Hitachi, Ltd., et al.

APPENDIX E

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 103

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

MAILED

OCT 26 2005

U.S. PATENT AND TRADEMARK OFFICE

BOARD OF PATENT APPEALS AND INTERFERENCES

Ex parte TRANSLOGIC TECHNOLOGY INC.

Appeal No. 2005-1050
Reexamination Control Nos. 90/005, 384,
90/005, 823, 90/005, 881, 90/006, 051
and 90/006, 392

HEARD: May 31, 2005

Before KRASS, BARRETT, and NAPPI,
Administrative Patent Judges.

BARRETT, Administrative Patent Judge.

DECISION ON REQUEST FOR REHEARING

Appellant filed a Request for Rehearing Under 37 C.F.R. § 41.52 on September 13, 2005, for rehearing of our original decision entered July 14, 2005.

The request for rehearing has been considered but is denied with respect to making any modifications in our decision.

ERRATUM

In our original decision, the page numbers in Appendix B mistakenly start with page 2. There is no page 1 in Appendix B.

ABBREVIATIONS

Pages of the request for rehearing are referred to as "RR___." Pages of the original decision are referred to as "D___." Pages of the brief and reply brief to the Board are referred to as "BR___" and "RBr___," respectively. Pages of the examiner's answer are referred to as "EA___."

DISCUSSION

Patent owner Translogic Technology, Inc. (TTI) argues that our decision raises new grounds of rejection for three reasons: (1) it introduces a new claim construction to which patent owner has no opportunity to respond; (2) it introduces new factual assertions concerning complex technology; and (3) it proposes a new ground of rejection using the Toshiba MUX8 reference (RR2). "TTI requests a full opportunity to address the new claim construction, the new factual assertions, and the new ground of rejection in the customary manner - in examination, so that these reexaminations can be brought to a timely conclusion." (RR5.) Thus, although not expressly stated, patent owner seeks for us to denominate our decision as containing a new ground of rejection under 37 C.F.R. § 41.50(b) (2004) so that

prosecution may be reopened before the examiner under § 41.50(b)(1).[1]

When an examiner rejects a claim as failing to meet one or more of the statutory requirements for patentability, procedural due process and 35 U.S.C. § 132 of the patent statute require that applicants be adequately notified of the reasons for the rejection of claims so that they can decide how to proceed. See In re Ludtke, 441 F.2d 660, 662, 169 USPQ 563, 565 (CCPA 1971). See also In re De Blauwe, 736 F.2d 699, 706, 222 USPQ 191, 197 (Fed. Cir. 1984) (remanding case to Patent and Trademark Office (PTO) because of failure to notify appellants that there was no objective evidence to support appellants' arguments). A patent applicant must have the opportunity to respond to new grounds for claim rejections put forth by the Board of Patent Appeals and Interferences (Board). See In re Waymouth, 486 F.2d 1058, 1061, 179 USPQ 627, 629 (CCPA 1973) ("To attempt to deny appellants an opportunity to provide a different and appropriate response to the board's [new] rejection ... does not satisfy the administrative due process established by Rule 196(b) of the Patent Office."). Rule 196(b) refers to 37 C.F.R. § 1.196(b), superseded by 37 C.F.R. § 41.50(b) (2004). A new rejection may occur where

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[1] Although § 41.50(b) also permits an appellant the option of arguing the merits of a new ground of rejection in a request for rehearing, § 41.50(b)(2), since patent owner has not argued the merits of the alleged new grounds of rejection in the request for rehearing we presume it would elect further prosecution before the patent examiner.

the examiner and board reject a claim for different reasons. Waymouth, 486 F.2d at 1060-61, 179 USPQ at 629 (new ground of rejection where "the bases of [the examiner's and Board's] rejection were wholly different, necessitating different responses by appellants."). The Board's new findings and reasons must be material to the rejection to create a new ground of rejection. See In re Kumar, 418 F.3d 1361, 1368, 76 USPQ2d 1048, 1052 (Fed. Cir. 2005) ("When a rejection for obviousness is based on overlapping values in the prior art, identification of the values deemed to overlap is material to the rejection. In this case the overlapping values were identified for the first time in the decision of the Board, and are not themselves set forth in Rostoker or any other reference. In calculating the overlapping values, the Board found facts not found by the examiner regarding differences between the prior art and the claimed invention, which in fairness required an opportunity for response."). A rejection is not based on new grounds if "appellants have had fair opportunity to react to the thrust of the rejection." In re Kronig, 539 F.2d 1300, 1302, 190 USPQ 425, 426 (CCPA 1976); id. at 1303, 190 USPQ at 427 (finding that an applicant had fair opportunity to challenge a rejection because "[t]he basic thrust of the rejection at the examiner and board level was the same").

We have considered patent owner's arguments, but are not persuaded that our decision presented any new grounds of rejection. Accordingly, we will not denominate our decision as containing a new ground of rejection under 37 C.F.R. § 41.50(b) or otherwise modify our original decision.

(1) Claim interpretation

Patent owner argues that "[t]he decision introduces a claim construction that differs from the claim construction adopted by the Examiner" (RR2) and "[b]y newly construing the claims, the Decision effectively offers a new series of rejections, without providing opportunity to argue, amend or cancel claims, or submit evidence in view of this new claim construction" (RR3).

A new ground of rejection, by definition, is a rejection which is new to the appellant. It is not a new ground of rejection where an appellant and the examiner expressly argue different claim interpretations and the Board sides with the appellant or the examiner because in that case the appellant has actually argued the claim interpretation. Thus, where the Board adopts the patent owner's argued claim interpretation, it is not a new ground of rejection even though the interpretation is different from the examiner's interpretation. It should also go without saying that a claim interpretation that is not material to the rejection does not raise a new ground of rejection. Patent owner alleges that certain claim interpretations are new or different from those stated by the examiner without mentioning that it addressed the claim interpretations in its briefs to the Board and without attempting to show how the claim interpretation affects the rejection to create a new rejection.

Patent owner argues that "for the first time, a construction of 'coupled to receive' is offered. Decision at 11." (RR2).

This is not a new claim interpretation. The claim interpretation issue in the limitations of a "signal input terminal coupled to receive [first, second, third, fourth, or fifth] input variable" and a "control input terminal coupled to receive a [first, second, third, or fourth] control signal" is whether the terminals must be actually coupled to input variables or control signals or just capable of receiving these signals, i.e., whether the input variables and control signals are part of the claimed combination. The examiner concluded that the "input signals cannot be relied upon to patentably distinguish the claims over the combined prior art because the claims are directed to an apparatus, and the input signals are not part of this apparatus (i.e., they are merely intended use)" (EA10-11). Patent owner expressly agreed with this interpretation (repeating the quoted language and stating "Patentee agrees" (RBrl4)) and, so, responded to the examiner's interpretation. Therefore, our claim interpretation is not new, but just memorializes this agreed upon interpretation that the limitation of a "signal input terminal coupled to receive [first, second, third, fourth, or fifth] input variable" refers to the structure of a "[t]erminal capable of receiving an input variable" (D11). "That is, the 'input variable' itself is not part of the claimed combination and these limitations are anticipated by an input terminal structure without it having to be actually connected to an input variable signal." (D11.) Similarly, the limitation of a "control input terminal

coupled to receive a [first, second, third, or fourth] control signal" refers to a "[t]erminal capable of receiving a control signal. The control signal itself is not part of the claimed structure." (D10.) This is not a new claim interpretation and does not present a new ground of rejection.

(ii)

Patent owner argues (RR2):

> [T]he Decision construes first, second, and third control signals to be independent and unique. Decision at 10. In contrast the Examiner's Answer states that the claims do not recite three different control signals. Examiner's Answer at 10.

To explain the claim interpretation issue, we begin with the arguments. In the brief, patent owner argued (Br11):

> The claimed 4:1 multiplexer circuits have three stages with four signal input terminals and terminals and three control input terminals coupled to receive four different input variables and three different control signals, respectively. The claimed 5:1 multiplexer circuits have four stages with five signal input terminals and four control input terminals coupled to receive five different input variables and four different control signals, respectively.

The examiner correctly stated that "nowhere do the claims recite 'four different input variables', 'three

different control signals', etc." (emphasis added) (EA10), but "that even if such terminology were set forth in the appealed claims, the obviousness rejection based on Gorai would still be proper, as all of the input variables and control inputs of the Fig. 3 circuit are indeed different from each other" (EA10).

Our claim interpretation stated that the claimed first, second, third, fourth, and fifth "input variables" do not require five different input variables, or that the "input variables" are different from the first, second, third, and fourth "control signals" (D11-12). We further stated that "[i]n any case, since the input variables are not part of the claimed structure, the nature of the input variables is not a positive claim limitation" (D12). This claim interpretation is not contested.

The examiner correctly interpreted the claims to not expressly require the first, second, third, and fourth "control signals" to be different. We stated (D10): "In a multiplexer circuit, these control signals are unique and independent of each other. However, the actual control signals are not part of the claimed multiplexer structure." Thus, we found that the control signals in a multiplexer are inherently different from each other even though not expressly recited in the claims. There are several reasons why this is not a new ground of rejection. First, the "control signals" are not part of the claimed multiplexer structure (D10), and the control input terminal only needs to be "capable of receiving a control signal" (Dl0), so the interpretation that the control signals are independent of each other does not affect the rejection and does not raise a new

ground of rejection. Second, the claim interpretation is in patent owner's favor and does not require any argument or amendment to rebut, so it is difficult to see how patent owner can reasonably consider it to be a new ground of rejection requiring reopening of prosecution. Third, the claim interpretation is consistent with patent owner's express arguments that the claims require different "input variables" and "control variables" (see discussion of argument (3), D50-62), so it is not a new ground of rejection to patent owner. Fourth, the examiner noted that even if the word "different" was in the claims, Fig. 3 of Gorai teaches "different" control signals and input variables and, therefore, the examiner's rejection addressed the claim interpretation argued by patent owner. This claim interpretation does not present a new ground of rejection.

(iii)

Patent owner argues (RR2-3):

The Decision further states that a variable and its logical complements are the same variable. Decision at 68. In contrast, the Examiner's Answer states that a variable and its logical complement are different variables. Examiner's Answer at 9 (stating that D and /D are first and second input variables).

Our decision agreed with patent owner's statement that a variable and its logical complement are the same variable. More precisely, we stated that a variable and its complement represent different states of the same variable (D68) since a variable and its complement are not the same thing. Since patent owner expressly argued the

interpretation of "variable," the claim interpretation is not a new ground of rejection to patent owner.

Furthermore, the examiner did not interpret a variable and its logical complement to be the same variable, so our interpretation is not inconsistent with the examiner's. What the examiner actually stated was that "[first and second input variables D and /D are applied to the inputs of a first 2:1 multiplexer stage" (EA9), which patent owner argues to be a statement that a variable and its complement are the same variable. Patent owner's argument that the examiner interpreted a variable and its complement to be the same logical variable is only true if one reads in an implied limitation that the first, second, third, and fourth input variables in claim 47 are different, and then reasons that because the D and /D (D complement, also written as $\overline{D}$) represent the same variable, they cannot be first and second different input variables. As noted in Section (1)(ii), supra, the examiner correctly concluded that the claims do not require the input variables to be different from each other (EA10) and we agreed with that claim interpretation (D11-12). Since the claims do not require the input variables to be different, the examiner merely stated that the first and second input variables were D and /D, not that D and /D are the same variable as argued by patent owner.

Still another reason why our statement that a variable and its logical complement represent different states of the same variable does not raise a new ground of rejection is because the "input variables" and the "control signals" are not part of the claimed combination and do not affect the

rejection. Patent owner agrees that the "input variables" and "control signals" are not part of the claimed combination and the limitations of a "signal input terminal coupled to receive [first, second, third, fourth, or fifth] input variable" and a "control input terminal coupled to receive a [first, second, third, or fourth] control signal" are met by terminals capable of receiving these input variables and control signals (D11; D10). The examiner's rejection expressly found that Gorai and Tosser have terminals capable of receiving input variables and control signals.

(iv)

> Patent owner argues (RR3):
>
> The Decision also adopts a new construction of the term "input variable." According to the Decision, a variable "must be capable of assuming, at any given time, either one of at least two values." Decision at 10 (citing Claim Construction attached to the Order of May 12, 2005 in Translogic Technology Inc. v. Hitachi, Ltd.). In contrast, the Examiner's Answer states that all input signals are "'input variables' regardless of whether they are set to a constant value." Examiner's Answer at 15.

Patent owner argued the constant inputs (0, 1) to the three-stage cascade of Fig. 6 of Gorai "are constants, and thus cannot correspond to recited input variables" (Br14). The examiner responded (EA15-16):

> This argument is also without merit because clearly all of the nine input signals

> shown in Gorai's Fig. 3 can be interpreted as "input variables" (indeed it is the reason that Gorai uses alphanumeric designations for the different input signals). Moreover, these input signals are all "input variables" regardless of whether or not they are set to a constant value, or set to time-varying values (again note that the claims are being construed using the broadest reasonable interpretation test). The argument that an "input variable" cannot be a constant value is not correct (as just one example, note the well-known equation F=ma, where the terms can of course be interpreted as "input variables" even when they are equal to constant values).

Patent owner argued that the examiner errs in stating that input signals are all "input variables" regardless of whether or not they are set to a constant value because a constant (0 or 1) is not a variable (RBr16-17).

The examiner properly found that Fig. 3 of Gorai teaches that all multiplexer inputs can be "variables." This is the rejection to be reviewed. Our decision agreed with patent owner that a constant (0 or 1) is not a variable and stated that "[a] variable must be capable of assuming, at any given time, either one of at least two values (0 or 1), whereas a constant has a fixed value" (D69), although we noted that the examiner's statement that a constant could be considered an input variable is not without support (D10-11). Since patent owner expressly argued the claim interpretation, our agreement with patent owner's claim interpretation does not raise a

new ground of rejection to patent owner. In addition, our decision stated that "since the input signals are not part of the claimed structure, it does not matter whether the inputs are variables or constant as long as the multiplexer is capable of handling variables" (D70), so the claim interpretation does not affect the rejection and does raise a new ground of rejection. The rejection is based on the finding that the structures in Gorai and Tosser are capable of receiving variables at their input terminals. This claim interpretation does not present a new ground of rejection.

(v)

Patent owner argues (RR3):

> Based on this new claim construction, the Decision notes (in additional comments) that all pending claims may be unpatentable in view of the conventional multiplexer circuit shown in the Toshiba TC19G000 Series, MUX8 Macrocell Data Sheet (the Toshiba MUX8 reference). Decision at 76-78. The Toshiba MUX8 circuit is described in the background section of the '666 patent at col. 1, lines 27-34, and the claimed multiplexer circuits are specifically distinguished from such a conventional multiplexer at col. 2, lines 3-7. A claim construction that captures prior art specifically distinguished in the patent is manifestly unreasonable. Whether the construction proposed in the Decision mandates such an unreasonable result should be decided, not merely flagged as a possibility, as it would either be grounds to change the

construction, or a new ground of rejection which should be remanded for further action by the examiner and response by the patentee.

As discussed in Section (3), infra, the additional comments of APJ Barrett are not the decision of the Board and, therefore, do not raise a new ground of rejection. Accordingly, the arguments regarding the Toshiba MUX8 are not considered.

(2) Factual assertions

Patent owner argues (RR3-4):

The Decision includes extensive assertions concerning various aspects of logic design such as those provided at, for example, Appendices B-C. The Decision attempts to support these assertions by, for example, stating that they are "self-evident to any computer scientist or electrical engineer who has taken an undergraduate computer science course in switching theory and the design of digital logic circuit." Decision at B-2. The Decision thus apparently relies either on the Panel's own technical background or the taking of Official Notice for such assertions. Both are improper. While the U.S. Patent and Trademark Office (PTO) is accorded expertise in patent examination, the PTO is not deemed to have expertise in technology. Sandvik Aktiebolag v. Samuels, [not reported in F. Supp, 1991 WL 25774], 20 USPQ 1879 at 1880 (D.D.C. 1991) (noting the Commissioner's need for "true experts"). Official Notice is also improper. "Official Notice unsupported by documentation

> should be taken only ... where the facts asserted to be well-known ... are capable of instant and unquestionable demonstration." MPEP, 8th Ed. § 2144.03 at 2100-136. In addition, "technical facts in the areas of esoteric technology ... must always be supported by citation to some reference work." Id. (citing In re Ahlert and Kruger, 424 F.2d at 1091, 165 USPQ 418 at 420-21 (C.C.P.A. 1970)). Even if introduction of these factual assertions were proper, Patentee has no opportunity to respond.

The appendices A-C merely provide technical background to aid the reader's understanding of the Gorai and Tosser references and do not add any facts or reasons that are necessary to or relied upon in the rejection. For example, Appendix A explains what is meant by Gorai's statement that "an M(p) can realize any function of (p+1) variables" (page 164) to provide a complete technical answer to appellant's erroneous argument that the statement means that a series of 2:1 multiplexers with p control input inputs can realize functions of at most (p+1) variables (D15-16; D54). However, Appendix A is not necessary to or relied upon in the rejection itself. Appendix B provides a definition of terminology used in Gorai and Tosser and is not necessary to or relied upon in the rejection. If the reader prefers to rely on her or his own knowledge or research to determine what is meant, she or he is free to do so. Appendix C explains how the examples in Gorai use multiplexers to realize logic functions and is not necessary to or relied upon in the rejection. We could have left it to the reader's knowledge or ability to find out or

develop this background information himself or herself, but since we are aware that most judges do not have technical backgrounds in computer science and the design of digital logic circuits, we thought a background explanation would be helpful. The addition of explanatory background material does not change the rejection and does not raise a new ground of rejection.

As to patent owner's argument that "[w]hile the U.S. Patent and Trademark Office (PTO) is accorded expertise in patent examination, the PTO is not deemed to have expertise in technology" (RR4), we note that Judge Oberdorfer said the "while patent examiners are experts in reviewing patent applications in particular fields, they do not have actual experience in the technology," Sandvik v. Samuels, 1991 WL 25774, 20 USPQ2d at 1880. Thus, Judge Oberdorfer stated that examiner are experts in their particular fields, but not have "actual experience": he did not say that examiners do not have "expertise". Also, "administrative patent judges shall be persons of competent legal knowledge and scientific ability." 35 U.S.C. § 6(a). Although the Director retains outside experts (at plaintiff's expense) in civil actions under 35 U.S.C. § 145, this does not imply that the Board lacks technical expertise. In any case, the appendices merely provide technical expertise. In any case, the appendices merely provide technical background and are not relied upon in the rejections, so they do not raise a new ground of rejection.

As to patent owner's arguments about Official Notice, this is not a situation where the Board has

relied upon Official Notice for some fact relied upon in the rejection. The examiner's rejection is not changed in any way by the appendices and they do not raise a new ground of rejection.

(3) Additional comments in the decision

Appellant argues that the additional remarks to the decision introduce a new ground of rejection (RR4):

> According to additional remarks in the Decision, the conventional multiplexer circuit shown in the Toshiba MUX8 reference that was considered in the original prosecution of the '666 patent renders all pending claims unpatentable. The additional remarks note that the Panel did not "want to raise any new question of a new ground of rejection in the main opinion." Decision at 76. As best understood by patentee, according to the Panel, all pending claims may be unpatentable in view of the Toshiba MUX8 reference with at least one Panel member concluding that they are unpatentable. If this is a potential new ground of rejection it should be fully addressed whether or not the Panel "wants" to raise it. If this is not a new ground of rejection, then, according to the Panel as a whole, all pending claims are patentable in view of the Toshiba MUX8 reference, and any subsequent request for reexamination based on the Toshiba MUX8 reference would not raise a substantial new question of patentability, and would not be granted. In any case, introduction of this

> "new" ground of rejection at this stage of examination effectively denies TTI the opportunity to respond. The issue should be decided after full examination, not merely flagged for possible future action after the patentee prevails on appeal.

The additional comments of APJ Barrett (D76-78) do not constitute the decision of the Board, just as a dissenting or concurring opinion by an appeals court judge does not represent the decision of the court. Therefore, the additional comments of APJ Barrett do not raise ground of rejection and are not subject to judicial review. The opinion was modeled after SSIH Equip., S.A. v. United States Int'l. Trade Comm'n, 718 F.2d 365, 218 USPQ 678 (Fed. Cir. 1983) (Nies, J., authoring the opinion and providing additional comments). Two APJs agree with the opinion up to the page with their signatures: this is the decision of the Board that is subject to judicial review. APJ Barrett agrees with the first portion of the opinion (since he authored it) and expresses additional views. The additional views of one APJ that a rejection would be appropriate does not constitute a new ground of rejection because one APJ alone cannot enter a new ground of rejection. The Board is not required to raise all potential new grounds of rejection, especially where, as here, the examiner's rejections are affirmed. The fact that the additional comments do not constitute a new ground of rejection does not in any way imply that the claims are patentable over the Toshiba MUX8 reference.

CONCLUSION

Patent owner's request for rehearing has been considered, but we are not persuaded that our decision presented any new grounds of rejection. Accordingly, the request for rehearing is denied with respect to making any modifications in our decision or denominating our decision as containing a new ground of rejection under 37 C.F.R. § 41.50(b).

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1). See 37 C.F.R. § 1.136(a)(1) (iv).

DENIED

s/Errol A. Krass	)	
ERROL A. KRASS	)	
Administrative Patent Judge	)	BOARD OF PATENT
	)	APPEALS
s/Lee E. Barrett	)	AND
LEE E. BARRETT	)	INTERFERENCES
Administrative Patent Judge	)	
	)	
s/Robert Nappi	)	
ROBERT E. NAPPI	)	
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(3)

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SUPREME COURT, U.S.

IN THE

Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC.,

Petitioner,

v.

JON W. DUDAS, Director,
Patent And Trademark Office,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION FOR RESPONDENT INTERVENORS HITACHI LTD., HITACHI AMERICA, LTD., AND RENESAS TECHNOLOGY AMERICA, INC.

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QUESTIONS PRESENTED

After re-examination by the United States Patent and Trademark Office ("PTO"), all the claims of United States Patent No. 5,162,666 ("'666 Patent") were found to be unpatentable. That decision was unanimously affirmed by the PTO's Board of Patent Appeals and Interferences ("Board"). The Board's decision, in turn, was unanimously affirmed by the Court of Appeals for the Federal Circuit ("Federal Circuit"). Petitioner now claims one of the three administrative judges on the Board was appointed improperly and asks that the Board's decision be vacated despite the affirmance of that decision by the Federal Circuit.

The Questions Presented are:

1. Should the Court review whether one administrative patent judge was properly appointed when his decision was confirmed by two other administrative patent judges and then unanimously affirmed by three Article III judges;

2. Did Petitioner forfeit the opportunity to challenge any alleged error in the appointment of the administrative patent judge by waiting until all appeals were concluded before raising the issue; and

3. Is the Board's decision effective under the *de facto* officer doctrine even if there were some error in the appointment of one of its members?

CORPORATE DISCLOSURE STATEMENT

The Respondents Intervenors are Hitachi, Ltd., Hitachi America, Ltd., and Renesas Technology America, Inc. (collectively "Hitachi"). Hitachi, Ltd. is a publicly-traded corporation with no parent and no other publicly-traded corporation owning 10% or more of its stock. Hitachi America, Ltd. is a wholly-owned subsidiary of Hitachi, Ltd. Renesas Technology America, Inc. is a wholly-owned subsidiary of Renesas Technology Corp. Hitachi, Ltd. and Mitsubishi Electric Corporation each own more than 10% of the stock of Renesas Technology Corporation. No other publicly-traded company owns 10% or more of its stock.

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STATEMENT OF THE CASE

A. Summary Of Argument

Ultimately at issue in this lawsuit is a patent that repeatedly has been held invalid, most recently by a unanimous decision of the Court of Appeals for the Federal Circuit ("Federal Circuit"). *In re Translogic Technology, Inc.*, 504 F.3d 1249 (Fed. Cir. 2007) (Pet. App. 1a). The Federal Circuit, applying this Court's decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. ____, 127 S. Ct. 1727 (2007), affirmed a unanimous decision of the PTO's Board of Patent Appeals and Interferences ("Board"), which had in turn affirmed the patent examiner's rejection of all asserted claims in the patent as obvious. (Pet. App. 29a) Petitioner Translogic Technology, Inc. ("Translogic"), the patent owner, now contends that one of the three administrative patent judges on the Board panel was appointed improperly. Translogic raised this issue for the first time in a petition for rehearing filed after the Federal Circuit already had reached its unanimous conclusion that all claims of the '666 Patent were obvious and invalid.

Translogic claims the appointment of Administrative Patent Judge Robert Nappi violated the Appointments Clause of Article II, § 2 of the United States Constitution and that this administrative error is of such magnitude that it warrants Supreme Court review. Hitachi — the initiator of the reexamination proceedings at issue, and intervenor here — does not concede the appointment

was made improperly,[1] but does not address that issue at this time, since there are three other dispositive reasons this Court should not review this case. First, the appointment error, if any occurred, was harmless, because two other administrative patent judges (who unquestionably were appointed properly) and three Article III judges all reached the identical conclusion that the '666 Patent is invalid. Second, Translogic waived or forfeited any claim of error in the appointment of Judge Nappi. Third, Judge Nappi's many decisions since his appointment in 2004 are valid and enforceable under the *de facto* officer doctrine applicable to a person acting under the color of official title. *Buckley v. Valeo*, 424 U.S. 1, 142 (1976).

B. Procedural History

The '666 Patent was issued in November, 1992. It claims a well-known type of logic circuit called a "multiplexer." Translogic tried to develop its own products based upon this logic circuit, or license its technology to others, but with very little success. In 1999 Translogic asserted the patent against Hitachi in a lawsuit filed in the District of Oregon. *Translogic*

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1. Several compelling arguments supporting the validity of the appointment of administrative patent judges under Article II might be made by the PTO, including that (1) administrative patent judges are not "inferior Officers;" (2) the Director of the PTO functions as a "Head of Department;" and (3) the Board is a "Court of Law." *See, e.g., Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868 (1991). None of these arguments need to be reached at this time to determine that this matter does not warrant further review. Hitachi may expand on these arguments if the Court decides to review this case on the merits.

Technology, Inc. v. Hitachi, Ltd., et al., Civ. No. 99-407-PA (D. Ore.). The lawsuit alleged that certain microprocessors sold in the United States included somewhere within their millions of circuits the multiplexer logic circuit claimed in the '666 Patent. Between 1999 and 2002, while the lawsuit was pending, five reexaminations of the '666 Patent were initiated in the PTO at the behest of Hitachi and Translogic. All five re-exams were merged by the PTO. *See* Pet. App. 4a-5a. Eventually the PTO examiner rejected all remaining claims in the '666 Patent as obvious. That final rejection occurred on March 8, 2004. Translogic appealed to the Board.

Meanwhile, the federal court litigation proceeded. A jury concluded Hitachi had not proven invalidity by clear and convincing evidence. *See* Pet. App. 4a-5a, 32a. Thereafter, the district court entered summary judgment of infringement and a different jury awarded damages to Translogic of $86.5 million. Neither jury was informed that during the re-examination proceeding the PTO examiner had declared the '666 Patent invalid. Moreover, despite the final rejection of the patent by the PTO examiner, the district court entered an injunction halting the sale of Hitachi microprocessors in the United States. Hitachi appealed to the Federal Circuit and asked that the injunction be stayed. The Federal Circuit granted the requested relief.

On July 14, 2005, the Board, in an opinion written by Administrative Patent Judge Lee E. Barrett, and joined by Administrative Patent Judges Errol A. Krass and Robert Nappi, unanimously affirmed the examiner's conclusion that all claims of the '666 Patent were invalid.

Pet. App. 30a-112a. The Board opinion carefully construed the key claim terms, determined that the examiner had correctly decided Translogic's patent claims were obvious as a matter of law, and affirmed that the claims were unpatentable. *Id.* Translogic sought a rehearing before the Board, which was denied with a lengthy opinion. Pet. App. 121a-141a. Translogic then appealed to the Federal Circuit. The Federal Circuit assigned both the *Hitachi* appeal and the *Translogic* appeal to the same panel of Article III judges, for a consistent treatment of the '666 Patent. Pet. App. 5a.

Crucial to the outcome of the appeals, and the validity of the '666 Patent, was construction of the claim term "coupled to receive."[2] On appeal, the Federal Circuit, following its well-established precedent in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998), and *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995), reviewed the Board's claim construction *de novo*, "without deference," giving the terms their "broadest reasonable interpretation." *In re Translogic Technology, Inc.*, 504 F.3d 1249, 1256 (Fed. Cir. 2007);

2. This term refers to the manner in which portions of the electrical circuit claimed in the patent were connected to surrounding wiring. If the term means the circuit is "capable of receiving" particular types of signals then the patent is invalid as obvious, because many prior art circuits also were capable of being connected in the same manner. If the term "coupled to receive" means the circuit is connected in such a way that it must receive certain types of signals at all times and no others, then fewer prior art references applied. The Board unanimously concluded that "coupled to receive" means a "terminal capable of receiving a control signal. The control signal itself is not part of the claimed structure." Pet. App. 39a-40a.

Pet. App. 14a-15a. In the process, the Federal Circuit simultaneously considered the claim construction adopted by the district court in the *Hitachi* case. 504 F.3d at 1257; Pet. App. at 16a. With both constructions before it, and using its standard claim construction tools, the Federal Circuit independently concluded that the Board's claim construction was correct. 504 F.3d at 1257-1258; Pet. App. at 17a-19a.

Using its chosen claim construction, the Federal Circuit then applied this Court's recent decision in *KSR International Co. v. Teleflex Inc.*, 550 U.S. ___, 127 S. Ct. 1727 (2007), to determine whether the '666 Patent was invalid as obvious. After a careful review the Federal Circuit unanimously concluded the claims were obvious — the same decision reached by the Board — and affirmed the Board's decision rejecting all claims. 504 F.3d at 1258-62; Pet App. at 19a-28a. The Federal Circuit simultaneously reversed the verdict entered against the Hitachi defendants in the district court case. Pet. App. 113a-117a.

During these many and lengthy proceedings Translogic never argued any impropriety in the appointment of any member of the Board. Rather, Translogic raised its Appointment Clause argument for the first time in a Petition for Rehearing and Rehearing *En Banc* filed on October 26, 2007. That Petition was denied by the Federal Circuit without comment on January 24, 2008. By then the issue was entirely moot, since the Federal Circuit already had decided the '666 Patent was invalid.

REASONS FOR DENYING THE PETITION

A. The Appointments Clause Issue Is Moot Because Three Article III Judges Have Unanimously Declared The '666 Patent Is Invalid

Petitioner contends a constitutional right was transgressed in the appointment of one member of the three-member Board, but ignores that the Board's unanimous decision invalidating the '666 Patent was affirmed unanimously by three Article III judges of the Court of Appeals for the Federal Circuit. Consequently, any constitutional infirmity in the appointment of one member of the administrative tribunal was rendered moot and irrelevant when the Federal Circuit, applying its own law and standards, confirmed that Petitioner's patent is not valid.

One of this Court's most deeply-rooted doctrines is that it "ought not to pass on the constitutionality of an act of Congress unless such adjudication is unavoidable." *Alma Motor Co. v. Timken-Detroit Axle Co.*, 329 U.S. 129, 136, 67 S. Ct. 231, 234 (1946). *Accord, Spector Motor Service v. McLaughlin*, 323 U.S. 101, 105, 65 S. Ct. 152, 154 (1944); *Burton v. United States*, 196 U.S. 283, 295, 25 S. Ct. 243, 245 (1905). Here it is wholly unnecessary to resolve Translogic's constitutional claim because it cannot, and will not, affect the outcome of this matter or afford Petitioner any additional rights.

Translogic asserts that one of three administrative patent judges on the Board was appointed improperly, but admits that all three judges ruled against it. Moreover, three Article III judges on the Federal

Circuit also unanimously concluded the '666 Patent's claims were invalid as obvious after: reviewing the Board's claim construction "without deference," *In re Translogic Technology, supra*, 504 F.3d at 1256; applying this Court's most recent pronouncement on the law of obviousness in *KSR Intl. Co. v. Teleflex, Inc.*, 550 U.S. ___, 127 S. Ct. 1727 (2007); and reviewing the factual record which had been fully developed by the PTO examiner for "substantial evidence." 504 F.3d at 1258-1262. Translogic does not contend there is any impropriety in the appointment of the Article III judges on the Federal Circuit who decided this case. Nor does it claim any error by the Federal Circuit. Therefore, there is no need for this Court to delve below the Federal Circuit's decision to seek out a nondispositive constitutional issue.

B. The Court Should Deny The Petition For Certiorari Because The Appointments Clause Issue Was Not Properly Raised

The Court should deny the Petition for Certiorari because the Appointments Clause issue was not properly raised. Translogic forfeited the opportunity to vacate the Board decision based upon an alleged violation of the Appointments Clause by waiting until it received an unfavorable ruling from the Board, and then from the Federal Circuit, before challenging the composition of the Board. That delay prevented the Board from addressing, and rectifying, any perceived issue regarding Judge Nappi's appointment. Nevertheless, citing *Freytag v. Commissioner of Internal Revenue, supra*, 501 U.S. 868, Translogic argues the Court should consider the Appointments

Clause issue on the merits even though it was not raised until after the Federal Circuit had conclusively held the '666 Patent invalid.

Freytag did not, as Translogic implies, hold that the opportunity to advance the Appointments Clause argument cannot be waived or forfeited. Rather, in *Freytag* the Court *exercised its discretion* to consider the Appointments Clause claim on the merits. *Id.* at 879 ("We conclude that this is one of those *rare* cases in which we should exercise our discretion to hear petitioners' challenge to the constitutional authority of the Special Trial Judge." (Emphasis Added)) The concurrence clarified that the Court did *not* adopt a general rule that "structural constitutional rights cannot be forfeited and that litigants are entitled to raise them at any stage of the litigation," but, rather, simply exercised its discretion to entertain the claim in that case. *Id.* at 893. This, however, is not one of those "rare" cases warranting deviation from standard norms of legal practice.

Indeed, the Court already has held that failure to challenge the appointment of an administrative hearing officer during a hearing waives any right to challenge that appointment later. In *United States v. LA Tucker Truck Lines*, 344 U.S. 33 (1952), this Court held that a decision of the Interstate Commerce Commission rendered by an invalidly appointed examiner was an "irregularity that would invalidate a resulting order if the Commission had overruled an appropriate objection made during the hearings." *Id.* at 38. But the improper appointment was not an error "which deprives the Commission of power or jurisdiction, so that even in the absence of a timely objection, its order should be set

aside as a nullity." *Id. See Yakus v. United States*, 321 U.S. 414, 444 (1944) ("No procedural principle is more familiar to this Court than that a constitutional right may be forfeited in criminal as well as civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it."); *Johnson v. United States*, 520 U.S. 461, 465 (1997) (same, quoting *Yakus*); *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 231 (1995) ("[T]he proposition that legal defenses based upon doctrines central to the courts' structural independence can never be waived simply does not accord with our cases.").

Translogic asserts it only learned of the potential error in Judge Nappi's appointment by reading an on-line law blog in July, 2007. Pet. at 5. But, of course, the same facts set forth in the blog were also available to Translogic and its counsel. As in *Tucker Truck Lines*, Translogic "did not bestir itself to learn the facts until long after the administrative proceeding was closed." 344 U.S. at 35.

Based on this well-established precedent, the Federal Circuit has long understood that a defect in the composition of the Board is a waivable issue. *See In re Alappat*, 33 F.3d 1526, 1546-47 (Fed. Cir. 1994) (*en banc*) (Archer, C.J. concurring). The Federal Circuit's predecessor, the Court of Customs and Patent Appeals, expressly followed *Tucker Truck Lines* in an appeal from a Board decision affirming a refusal to issue a patent. *In re Wiechert*, 370 F.2d 927 (C.C.P.A. 1967). After the Board rejected all claims in the patent application, Wiechert asked for reconsideration based upon his contention that the Board had been appointed

improperly. 370 F.2d at 933-4 n.4. Citing *Tucker Truck Lines* the C.C.P.A. concluded that applicant had waived his right to challenge the composition of the Board, and that "an invalid appointment would not so vitiate a board's decision that neither waiver nor abandonment of the defect would be possible." *Id.* at 936 n.6. Judge Archer subsequently observed that "*Wiechert* expressly holds that a defect in the composition of the board is a waivable matter." *In re Alappat*, 33 F.3d at 1547.

As the concurrence noted in *Freytag*,

> The very word "review" presupposes that a litigant's arguments have been raised and considered in the tribunal of first instance. To abandon that principle is to encourage the practice of "sandbagging": suggesting or permitting, for strategic reasons, that the trial court pursue a certain course and later - if the outcome is unfavorable - claiming that the course followed was reversible error.

501 U.S. at 895. Exactly that has occurred here. If Translogic had raised its concern before the Board's decision, or even when it sought rehearing before the Board, then the PTO would have been given options: determine that the argument was unpersuasive; have the Chief Judge appoint a different administrative patent judge, *see Manual of Patent Examining Procedure* § 1002.02(f) (8th ed., Rev. 6, 2007); Board of Patent Appeals and Interferences, *Standard Operating Procedure* 1 (Rev. 12) § V(D), Aug. 10, 2005; or have Judge Nappi's appointment confirmed *nunc pro tunc* by the Secretary of Commerce. Moreover, considering this petition on the merits would encourage all patent applicants to sandbag on such issues, because the PTO *cannot appeal* a Board

decision in favor of the applicant. *See* 35 U.S.C. § 141; *Manual of Patent Examining Procedure* §1216 (8th ed., Rev. 6, 2007) [while a dissatisfied applicant may appeal, no right of appeal is granted to the PTO]. Consequently, the applicant always would withhold any challenge to the composition of the Board panel: if the Board rules for applicant then he will never contest its membership; if the Board rules against the applicant then he can subsequently argue the entire proceeding must be vacated.

Because Translogic did not raise the Appointments Clause issue before the Board, or even before the Federal Circuit until its Petition for Rehearing, it has forfeited the opportunity to challenge Judge Nappi's appointment now.

C. Even If There Is A Defect In The Appointment Of Administrative Patent Judges After March 2000, The *De Facto* Officer Doctrine Confers Validity On The Board's Decision In This Case

Even if Translogic's interpretation of the Appointments Clause is correct, the remedy it seeks is unavailable in this case. Under prior decisions of this Court, the *de facto* officer doctrine confers validity on the Board's decision.

The *de facto* officer doctrine holds that past acts of appointed officials are valid even if the appointment is somehow defective. For example, in *Buckley v. Valeo*, 424 U.S. 1 (1976), the Court held that the statutory system for appointment of members of the Federal Election Commission violated the Appointments Clause and, therefore, that the Commission could not validly exercise all of the powers that had been delegated to it. *Id.* at 140. The Court further held, however, that the constitutional

violation did not warrant invalidation of the Commission's acts to date:

> It is also our view that the Commission's inability to exercise certain powers because of the method by which its members have been selected should not affect the validity of the Commission's administrative actions and determinations to this date . . . . The past acts of the Commission are therefore accorded de facto validity, just as we have recognized should be the case with respect to legislative acts performed by legislators held to have been elected in accordance with an unconstitutional apportionment plan.

Id. at 142 (citing cases)

Similarly, in *Ryder v. United States*, 515 U.S. 177 (1995), this Court considered the *de facto* officer doctrine in a case in which the petitioner, an enlisted member of the United States Coast Guard, challenged, under the Appointments Clause, the appointment of two of the three members of the military review panel who affirmed his conviction by general court-martial. *Id.* at 179. In determining whether the decision of the panel was valid despite the constitutional defect, the Court explained the important policy underlying the *de facto* officer doctrine:

> The *de facto* officer doctrine confers validity upon acts performed by a person acting under the color of official title even though it is later discovered that the legality of that person's appointment or election to office is deficient. "The de facto doctrine springs from the fear of the chaos that would result from multiple and

> repetitious suits challenging every action taken by every official whose claim to office could be open to question, and seeks to protect the public by insuring the orderly functioning of the government despite technical defects in title to office."

Id. at 180 (Citations omitted). The Court did not apply the *de facto* officer doctrine in *Ryder* because there, unlike here, the petitioner had challenged the composition of the panel while his case was still pending before it.[3]

Petitioner argues the Court's decision in *Nguyen v. United States*, 539 U.S. 69 (2003), vacating a decision of the Ninth Circuit Court of Appeals, when one of the judges on the panel was not an Article III judge, means the *de facto* officer doctrine should not apply here. Pet. at 15-17. However, the *Nguyen* opinion noted that when a judge whose appointment has been challenged is otherwise qualified to serve, the defect is considered technical. *Nguyen*, 539 U.S. at 77. The Court stated, "The difference between the irregular judicial designations in [prior cases] and the impermissible panel designation in the instant cases is therefore the difference between an action which could have been taken, if properly pursued, and one which could never have been taken at all." *Id.* at 79. Here, in contrast to *Nguyen*, the appointment defect, if any, was merely technical because Judge Nappi was otherwise qualified to serve, and could have been validly appointed.

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3. "We think that one who makes a timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case is entitled to a decision on the merits of the question and whatever relief may be appropriate if a violation indeed occurred." *Id.* at 182-83.

35 U.S.C. section 6(a) provides that administrative patent judges "shall be persons of competent legal knowledge and scientific ability who are appointed by the Director." Judge Nappi undoubtedly meets these criteria since he was a supervisory patent examiner of Art Unit 2837 before being appointed to the Board. Bruce H. Stoner, Jr., *Extrajudicial Statements — Welcome: From Patent Judge to Private Practice, The Patent Lawyer*, Spring 2004, pg. 24. Translogic does not, and cannot, claim he was unqualified or otherwise unfit to serve. *See Tucker Truck Lines*, 344 U.S. at 35-36.

Under these circumstances, even if it were to find a violation of the Appointments Clause, this Court should then apply the *de facto* officer doctrine and allow the Board's ruling to stand. Such a ruling properly prevents the chaos that would result if all of the Board decisions in which administrative patent judges appointed after March 2000 participated could be called into question. Furthermore, it protects the public interest by insuring the Board can continue, without interruption, its important function of eliminating doubtful patents. In light of the other defects in Translogic's petition, there is no reason even to start down this path.

CONCLUSION

For all of the foregoing reasons — because the appointment error (if any occurred) was harmless, because Translogic forfeited the opportunity to claim any error in the appointment, and because Judge Nappi's many decisions, including his participation in the unanimous Board decision here, are enforceable under the *de facto* officer doctrine — Translogic's Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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No. 07-1303

In the Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC., PETITIONER

v.

JONATHAN W. DUDAS, DIRECTOR,
PATENT AND TRADEMARK OFFICE

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTION PRESENTED

Whether the decision of the Board of Patent Appeals and Interferences in this case must be vacated on the ground that one of the members of the panel was appointed by the Director of the Patent and Trademark Office in violation of the Appointments Clause, when petitioner did not raise its constitutional objection at any time before its petition for rehearing en banc in the court of appeals.

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BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-28a) is reported at 504 F.3d 1249. The decision of the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office (Pet. App. 29a-112a) is not reported. The decision of the Board on rehearing (Pet. App. 121a-141a) is not reported.

JURISDICTION

The judgment of the court of appeals was entered on October 12, 2007. A petition for rehearing was denied on January 24, 2008 (Pet. App. 118a-120a). The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. The United States Patent and Trademark Office (USPTO) is "responsible for the granting and issuing of patents," subject to the policy direction of the Secretary of Commerce. 35 U.S.C. 2(a)(1). The "powers and duties" of the USPTO are vested in the "Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office" (Director), who is appointed by the President with the advice and consent of the Senate. 35 U.S.C. 3(a)(1).

When a patent examiner within the USPTO makes an adverse decision on a patent application during original examination or on a patent during reexamination, the disappointed patent applicant or patent owner may take an appeal to the Board of Patent Appeals and Interferences (Board), which comprises the Director, the Commissioner for Patents, the Commissioner for Trademarks, and "administrative patent judges." 35 U.S.C. 6(a) and (b); 35 U.S.C. 134(a) and (b) (Supp. V 2005). The members of the Board who are "administrative patent judges" are required by statute to "be persons of competent legal knowledge and scientific ability who are appointed by the Director." 35 U.S.C. 6(a). Each appeal must be heard by "at least three members of the Board, who shall be designated by the Director." 35 U.S.C. 6(b). A patent owner may seek judicial review of an adverse decision of the Board in the United States Court of Appeals for the Federal Circuit. 35 U.S.C. 141 (Supp. V 2005); 35 U.S.C. 306.

2. In 1992, the USPTO issued a patent to petitioner, a designer of specialized electrical circuits. Seven years later, that patent became the subject of infringement litigation between petitioner and Hitachi, Ltd. Pursuant to a series of five requests filed by petitioner and Hita-

chi between 1999 and 2002, a patent examiner at the USPTO reexamined the disputed patent and invalidated it on the ground that it would have been obvious at the time of invention. Pet. App. 31a.

Petitioner appealed the examiner's decision to the Board, which affirmed. Pet. App. 29a-112a. A three-member panel of the Board heard the appeal on May 31, 2005, and issued its lengthy opinion on July 14, 2005. *Id.* at 29a, 30a. Petitioner filed a request for rehearing before the same panel of administrative patent judges on September 13, 2005, which was denied with another opinion on October 26, 2005. *Id.* at 121a-141a.

3. Petitioner then sought review in the United States Court of Appeals for the Federal Circuit, which affirmed the invalidity of the patent. Pet. App. 1a-28a. The court rejected all three of petitioner's arguments about the validity of its patent under 35 U.S.C. 103(a). The court first rejected petitioner's construction of the term "coupled to receive" in the patent claims, showing no deference to, but nevertheless agreeing with, the Board's construction of the claims. Pet. App. 14a, 16a-19a. It next considered and rejected two of petitioner's arguments that the invention was not obvious from the prior art. *Id.* at 19a-28a. In doing so, it relied extensively on this Court's decision in *KSR International Co.* v. *Teleflex Inc.*, 127 S. Ct. 1727 (2007), which had not been available to the Board. Pet. App. 19a, 20a-23a, 25a, 27a. Among other things, the court noted that petitioner's prior-art argument made "the same error corrected by the Supreme Court in *KSR*." *Id.* at 25a.

After the court of appeals had rejected petitioner's arguments on the merits of patentability, petitioner filed a combined petition for panel rehearing and rehearing en banc. In support of panel rehearing, petitioner raised

another argument about patentability, contending that the Federal Circuit panel had misread the patent specification and that its decision raised new grounds of rejection to which petitioner was entitled to respond. Pet. for Reh'g 2-8. In support of rehearing en banc, petitioner argued for the first time that the Board's decision should be vacated because one of the administrative patent judges who had participated in the case had been appointed by the Director, pursuant to a statutory amendment that took effect in 2000. *Id.* at 8-15. Petitioner argued that that method of appointment violates the Appointments Clause, by vesting the appointment of an inferior officer in someone other than "the President alone, * * * the Courts of Law, or * * * the Heads of Departments." Art. II, § 2, Cl. 2.

The court of appeals denied the petition for panel rehearing and rehearing en banc in a summary order that addressed neither argument on the merits. Pet. App. 118a-120a.

ARGUMENT

The petition for a writ of certiorari should be denied. Petitioner does not challenge any issue that was actually decided by the court of appeals or the administrative agency. Moreover, petitioner did not raise its Appointments Clause challenge before the Board or timely raise it before the court of appeals, and petitioner's argument regarding the applicability of the de-facto-officer doctrine is presented for the first time in its petition for a writ of certiorari. Because the court of appeals did not address either of the questions presented, and because the underlying issue may soon be obviated by the enactment of legislation that would change the method for appointing administrative patent

judges that petitioner challenges, review by this Court is not warranted.

1. Petitioner was unsuccessful in defending the validity of its patent before the patent examiner, before the Board of Patent Appeals and Interferences (both on initial appeal and on request for rehearing), and before the Federal Circuit (both on initial appeal and on petition for panel rehearing). Rather than re-urge any of its arguments about patentability, petitioner now challenges (Pet. 5-12) the constitutionality of the appointment of one of the members of the Board that unanimously rejected its patentability arguments in July and October 2005. Petitioner, however, waived its Appointments Clause challenge by failing to raise it at any stage before its petition for rehearing en banc in the court of appeals. As a direct result of that waiver, the issue was never considered by the agency or the court of appeals, and this Court should refrain from deciding the question as a matter of first impression.

a. It is, of course, this Court's general practice not to consider arguments that have not been previously addressed, because it is "a court of final review and not first view." *Adarand Constructors, Inc.* v. *Mineta*, 534 U.S. 103, 110 (2001) (per curiam) (quoting *Matsushita Elec. Indus. Co.* v. *Epstein*, 516 U.S. 367, 399 (1996) (Ginsburg, J., concurring in part and dissenting in part)); see also, *e.g.*, *United States* v. *United Foods, Inc.*, 533 U.S. 405, 417 (2001) (refusing to "allow a petitioner to assert new substantive arguments attacking * * * the judgment when those arguments were not pressed in the court whose opinion we are reviewing, or at least passed upon by it"); *Glover* v. *United States*, 531 U.S. 198, 205 (2001) ("In the ordinary course we do not decide questions neither raised nor resolved below."). Requir-

ing an issue to be raised or decided in the court below serves important purposes. It promotes judicial economy by ensuring that potentially dispositive issues can be resolved at the earliest possible stage of litigation, and it discourages "the practice of 'sandbagging'" or allowing, "for strategic reasons," the lower court to "pursue a certain course, and later—if the outcome is unfavorable—claiming that the course followed was reversible error." *Freytag* v. *Commissioner*, 501 U.S. 868, 895 (1991) (Scalia, J., concurring in part and concurring in the judgment); see also *Wainwright* v. *Sykes*, 433 U.S. 72, 89-90 (1977).

Both of those purposes would be served by denying review in this case. Petitioner never raised its constitutional challenge while its case was pending before the Board—neither when it learned of the identity of the Board members who would be deciding its case in May 2005 (Pet. App. 30a), nor when it filed a request for rehearing before the Board in September 2005 (*id.* at 122a). Petitioner also failed to raise the issue in its opening or reply brief or at oral argument before the Federal Circuit. Allowing the long history of this case to be voided on the basis of a challenge to the Board's composition that was first raised more than 28 months after petitioner knew which administrative patent judges would decide its appeal would waste judicial resources and promote sandbagging in future cases. Because the question was neither timely pressed nor passed upon below, the Court should follow its customary practice and refuse to decide the question in the first instance.

b. Petitioner contends that its failure to raise its constitutional challenge before the Board should be excused because an administrative agency cannot "entertain a claim that the statute which created it was in some

respect unconstitutional." Pet. 18 (quoting *Robertson* v. *FEC*, 45 F.3d 486, 489 (D.C. Cir. 1995)). Yet that does not accurately describe the nature of the challenge here. Petitioner does not contest the *creation* of the Board (or of the USPTO), but merely the appointment of *some* of the Board's members, each of whom serves on any particular case only upon designation by agency officials.

Moreover, petitioner has not even tried to show that this is a case in which no "relief" would have been "available" from the agency. Pet. 18 (quoting *Reiter* v. *Cooper*, 507 U.S. 258, 269 (1993)). Under 35 U.S.C. 6(b), a patent appeal within the USPTO is heard "by at least three members of the Board, who shall be designated by the Director." The Director has delegated the authority to designate panel members for individual cases to the Chief Administrative Patent Judge, who is also authorized to redelegate that authority to the Vice Chief Administrative Patent Judge. See *Manual of Patent Examining Procedure* § 1002.02(f) at 1000-9 (8th ed., revision 6, Sept. 2007) <http://www.uspto.gov/web/offices/pac/mpep/mpep_e8r5_1000.pdf>. Furthermore, according to the Board's standard operating procedures, which "create[] internal norms for the administration" of the Board, the Chief Judge or Vice Chief Judge "will approve a revised designation" of the judges on a panel "[w]hen satisfied that there is good reason to change the panel already designated." Board of Patent Appeals and Interferences, *Standard Operating Procedure 1 (Revision 12): Assignment of Judges to Merits Panels, Motions Panels, and Expanded Panels* 1, 6 (Aug. 10, 2005) <http://www.uspto.gov/go/dcom/bpai/sop1.pdf>. As a result, had petitioner raised its objection in a timely fashion (through, for example, a petition to the Chief Administrative Patent Judge under 37 C.F.R. 41.3), the

agency would have had the power to replace the panel member to whom petitioner now objects; the Director, the Chief Judge, or the Vice Chief Judge might have determined that there was "good reason to change the panel already designated" if, for example, any of those officials wanted to avoid the uncertainty that might arise from a challenge to the constitutionality of a certain Board member's appointment.

Thus, accepting petitioner's claim of futility would only ratify a course of action that deprived the agency of any chance to consider taking remedial steps to avoid the alleged constitutional problem. This then is an appropriate case to follow the "general rule" that "courts should not topple over administrative decisions unless the administrative body not only has erred, but has erred against objection made at the time appropriate under its practice." *Woodford* v. *Ngo*, 548 U.S. 81, 90 (2006) (emphasis and quotation marks omitted).

c. Of course, petitioner's claim that it would have been futile to raise its constitutional objection before the agency cannot begin to excuse its failure to raise the issue when it appealed the Board's decision to the Federal Circuit. Petitioner makes no suggestion that the Federal Circuit had any less power than this Court to decide its constitutional challenge. Indeed, petitioner's only explanation for its failure to raise the constitutional issue at any time before its petition for rehearing en banc is that the inspiration for the argument came from an article written by a law professor and published in July 2007, "after briefing and oral argument were complete." Pet. 5. That article was not an intervening change in the relevant law or facts, and was not itself based on any legal or factual propositions that were not knowable when petitioner appealed to the Federal Cir-

cuit, filed its opening brief and its reply brief, and presented oral argument. Nothing prevented petitioner from making the same constitutional argument in a timely fashion. Furthermore, petitioner does not even proffer a reason why it did not seek to notify the panel of its newfound constitutional concerns in the months between the July 2007 appearance of the article and the panel's October 12, 2007 decision.[1]

d. Rather than attempt to justify its waiver of its constitutional argument, petitioner asserts (Pet. 4, 15, 16, 19) that a separation-of-powers objection to the appointments of "judicial officers" implicates such a basic constitutional protection that it cannot be waived as long as the case is still on direct appeal.

This case, however, is distinguishable from those "'rare cas[es]'" in which this Court decided to "'exercise [its] discretion' to hear a waived claim based on the Appointments Clause." *Plaut* v. *Spendthrift Farm, Inc.*, 514 U.S. 211, 232 (1995) (quoting *Freytag*, 501 U.S. at 879). Like *Plaut*, those rare cases generally involved this Court's supervision and protection of uniquely judi-

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[1] Even if petitioner could not have submitted the article as a "pertinent and significant authorit[y]" that had "come to [its] attention * * * after oral argument but before decision," pursuant to Rule 28(j) of the Federal Rules of Appellate Procedure, petitioner could still have moved for leave to file a supplemental brief raising the constitutional question. The Federal Circuit recently granted such a motion, raising the same Appointments Clause objection in another case that had already been fully briefed. See *In re DBC*, No. 2008-1120 Docket entry No. 29 (Fed. Cir. June 19, 2008). If petitioner here had filed such a motion *before* the court of appeals made its decision on the merits of patentability, that could have mitigated at least *some* of the "concerns for gamesmanship" that this Court recognizes are applicable whenever a party raises a technical defect only after it learns that it lost its other arguments on the merits. *Nguyen* v. *United States*, 539 U.S. 69, 81 n.12 (2003).

cial power, and especially Article III power. For example, in *Nguyen* v. *United States*, 539 U.S. 69 (2003), this Court prevented a non-Article-III judge from exercising Article III jurisdiction in a criminal case. In *Glidden Co.* v. *Zdanok*, 370 U.S. 530 (1962), the Court considered whether certain judges on the Court of Claims and the Court of Customs and Patent Appeals were Article III judges and thus eligible to sit on federal district courts and courts of appeals. In *Freytag*, the Court addressed appointments within the Tax Court, which "exercise[d] judicial power to the exclusion of any other function" and was, unlike the Board here, determined by this Court to be "independent of the Executive and Legislative Branches." 501 U.S. at 891; see also Pet. 11 (recognizing that the USPTO is "[u]nlike the Tax Court in *Freytag*").

Unlike all of those cases, petitioner's challenge concerns the status of the appointments of some Executive Branch officials and does not affect the authority of any Article III court. Thus, no compelling reason exists for excusing petitioner's failure to observe the bedrock procedural rule that a non-jurisdictional argument is waived unless timely asserted. See *United States* v. *Olano*, 507 U.S. 725, 731 (1993) ("'No procedural principle is more familiar to this Court than that a constitutional right,' or a right of any other sort, 'may be forfeited in criminal as well as civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it.'") (quoting *Yakus* v. *United States*, 321 U.S. 414, 444 (1944)).

2. Petitioner also asks (Pet. i, 3, 12-17) this Court to decide an issue concerning the scope of the de-facto-officer doctrine, which "confers validity upon acts performed by a person acting under the color of official title

even though it is later discovered that the legality of that person's appointment or election to office is deficient." *Ryder* v. *United States*, 515 U.S. 177, 180 (1995). Petitioner concedes that the doctrine insulates Board decisions that are no longer subject to "direct review," but argues that the doctrine does not apply to cases that "have or will have gone to the Federal Circuit and can still be brought before this Court." Pet. 3; see also Pet. 12-15.[2]

Petitioner invokes *Ryder* and *Nguyen* as support for the proposition that this Court will "grant[] a judicial remedy" in a case on direct review. Pet. 3; see also Pet. 13-15. But this case is distinguishable from *Ryder* and *Nguyen* in several notable ways. First, the judicial remedy in both of those cases was to vacate a *criminal conviction* on direct review. See *Nguyen*, 539 U.S. at 73, 83; *Ryder*, 515 U.S. at 179. This case does not, of course, involve a criminal conviction.

Second, in both *Nguyen* and *Ryder*, the Court stressed that its decision would affect no more than a handful of cases. See *Nguyen*, 539 U.S. at 81 n.12 ("We agree with the Government's submission that the improper composition of the court below was 'an isolated, one-time mistake.'"); *Ryder*, 515 U.S. at 185 ("The parties agree that the defective appointments of the civilian judges affect only between 7 to 10 cases pending on direct review."). Here, by contrast, a decision on the merits of petitioner's constitutional argument could affect

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[2] Unlike its Appointments Clause challenge, petitioner's proposed interpretation of the de-facto-officer doctrine was not even included in its petition to the court of appeals for rehearing en banc. For the reasons discussed above, see pp. 5-10, *supra*, it is thus equally subject to the Court's customary practice of not addressing issues that were not raised in the lower courts.

far more than a handful of cases. The allegedly improper appointment method has been used since 2000, and last year alone the Board decided more than 3,500 cases. See U.S. Patent and Trademark Office, *Process Production Report, Final Report FY 2007* (visited July 25, 2008) <http://www.uspto.gov/web/offices/dcom/bpai/docs/process/fy2007.pdf>. Accordingly, applying the de-facto-officer doctrine in this context would well serve its intended function of preventing "the chaos that would result from multiple and repetitious suits challenging every action taken by every official whose claim to office could be open to question." *Ryder*, 515 U.S. at 180 (citation omitted).

Third, in both *Nguyen* and *Ryder*, no intermediate appellate court had been able to vet the merits of the decision reached by the allegedly tainted panel. In *Nguyen*, this Court was the only tribunal to review the decision of an improperly constituted panel of the Ninth Circuit. In *Ryder*, although the decision of the Coast Guard Court of Military Review had been affirmed by the Court of Military Appeals before it reached this Court, that intermediate court had less discretion "to review claims of error, revise factual determinations, and revise sentences" than the tainted panel. 515 U.S. at 187. Here, petitioner cannot contend that the Federal Circuit was unable to address the merits of its claims about patentability, since those were precisely the claims that were pressed and passed upon.

Finally, *Ryder* held that a litigant is not entitled to a decision on the merits of a constitutional appointments challenge unless he makes a "timely challenge to the constitutional validity of the appointment of an officer who adjudicates his case." 515 U.S. at 182. In that case, the Court noted that the petitioner had "raised his ob-

jection to the judges' titles before those very judges and prior to their action on his case." *Ibid.* In *Nguyen* (which also implicated this Court's supervisory powers over Article III courts, 539 U.S. at 74), the challenge was presented to the first tribunal that reviewed the tainted court. Petitioner's challenge was not raised in the manner found to be sufficiently timely in either *Ryder* or *Nguyen*.

Because petitioner thus has not in fact identified a case that is "on all fours with this one" (Pet. 3, 13), this Court should not depart from its "obviously sound policy of preventing litigants from abiding the outcome of a lawsuit and then overturning it if adverse upon a technicality of which they were previously aware." *Glidden Co.*, 370 U.S. at 535 (plurality opinion of Harlan, J.).[3]

3. There is an independent reason why certiorari should be denied. Legislation that would remove the grounds for petitioner's constitutional objection is currently pending in Congress and may well be enacted soon. On July 21, 2008, the chairman of the Senate Judiciary Committee introduced S. 3295, which was co-sponsored by the ranking minority member of the Judiciary Committee. See 154 Cong. Rec. S6976 (daily ed.). The next day, the bill was discharged from committee, and it passed the Senate by unanimous consent. See 154 Cong. Rec. S7079 (daily ed. July 22, 2008). An identical bill,

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[3] Petitioner argues (Pet. 15-17) that the alleged defect is not merely "technical," but does not contest that the administrative patent judge in question is a "person[] of competent legal knowledge and scientific ability," 35 U.S.C. 6(a), who was statutorily eligible to serve notwithstanding any defect in his appointment. Cf. *Nguyen*, 539 U.S. at 80 (finding that non-Article-III judges do not meet "the statutory requirements set by Congress for the composition of the federal courts of appeals").

H.R. 6362, has been pending in the House of Representatives, where it is co-sponsored by the bipartisan leadership of the Judiciary Committee and its Subcommittee on Courts, the Internet, and Intellectual Property. See 154 Cong. Rec. H6088 (daily ed. June 25, 2008).

If S. 3295 also passes the House of Representatives and is enacted, it will amend 35 U.S.C. 6(a), so that administrative patent judges would no longer be appointed by the Director. They would instead be "appointed by the Secretary of Commerce, in consultation with the Director." S. 3295, 110th Cong., 2d Sess. § 1(a)(1)(B) (2008). The Secretary of Commerce is indisputably a "Head[] of Department[]" under the Appointments Clause. See *Freytag*, 501 U.S. at 886; *id.* at 918-919 (Scalia, J., concurring in part and concurring in the judgment); Pet. 10-11. As a result, that part of the bill would enable the Department itself to eliminate future constitutional objections along the lines raised by petitioner by providing for appointment of all current and future administrative patent judges by the Secretary, and thus dramatically reduce the importance of resolving the questions presented here.

S. 3295 would also go further. It contains additional provisions that would affect the viability of constitutional challenges in the "small subset of the Board's decisions [that] are presently subject to direct review" and thus, according to petitioner (Pet. 14), subject to constitutional challenge. It would affect those cases in two ways. First, it would add a new subsection (c) to 35 U.S.C. 6. For each administrative patent judge who, before the bill's enactment, "held office pursuant to an appointment by the Director"—*i.e.*, for every one of the judges whose appointment petitioner contends is constitutionally invalid—subsection (c) would authorize the

Secretary of Commerce, "in his or her discretion, [to] deem" the Secretary's appointment of that judge "to take effect on the date on which the Director initially appointed the administrative patent judge." S. 3295, § 1(a)(1)(C). In other words, if the Secretary chose to re-appoint certain sitting judges, those appointments could be made *nunc pro tunc*. Second, S. 3295 would also provide an express statutory directive to apply the de-facto-officer doctrine in this context, by adding a new subsection (d) to 35 U.S.C. 6, reading as follows: "It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer." *Ibid.*

Because the pending legislation will, if enacted, eliminate or ameliorate constitutional objections like petitioner's in both current and future cases, there is no need for this Court to address the questions petitioner raises. Moreover, even if the pending legislation is not enacted, there is no reason this Court must decide those questions *in the first instance*. The Federal Circuit will presumably have the opportunity to do that in other cases, which would preserve this Court's usual status as "a court of final *review*." *Adarand*, 534 U.S. at 110 (citation omitted; emphasis added). Under the circumstances, a decision by this Court on the constitutional question would be premature.

4. Finally, because petitioner would be unlikely to prevail on the merits of its underlying claim of patentability, this case is an especially poor vehicle to make an exception to the usual rules of waiver in order to reach out and decide a constitutional question that has never been addressed by any other court. Cf. *Department of*

Commerce v. *United States House of Representatives*, 525 U.S. 316, 343 (1999) ("If there is one doctrine more deeply rooted than any other in the process of constitutional adjudication, it is that we ought not to pass on questions of constitutionality * * * unless such adjudication is unavoidable.") (quoting *Spector Motor Serv., Inc.* v. *McLaughlin*, 323 U.S. 101, 105 (1944)).

Petitioner's arguments on the merits were rejected not only by the Board member to whose appointment petitioner objects, but also by the patent examiner, the other members of the Board that decided its case, and the three-judge panel of the Federal Circuit. The court of appeals, in particular, considered the merits of petitioner's challenges at length and unanimously rejected each of them. It rejected petitioner's claim construction argument without showing *any* "deference" to the Board. Pet. App. 14a, 16a-19a. With regard to petitioner's other two arguments, it reviewed the Board's "ultimate determination of obviousness de novo." *Id.* at 15a (citation omitted). Although the court of appeals reviewed the Board's underlying findings of fact for "substantial evidence," *ibid.*, the court's "obviousness" analysis drew extensively from this Court's subsequent decision in *KSR International Co.* v. *Teleflex Inc.*, 127 S. Ct. 1727 (2007), and concluded that an ordinary artisan would understand that "the inputs to a circuit do not change the circuit itself," and that "any conventional multiplexer circuit"—including transmission gate multiplexers like those in the patent claim here—"could be utilized to implement the 2:1 multiplexer circuits in [the prior art]." Pet. App. 25a-27a. The court of appeals also rejected another claim-construction argument that petitioner raised in its petition for panel rehearing. *Id.* at 118a-120a. Thus, even assuming that the Board's deci-

sion were to be vacated and the case remanded to the agency for another review of the patent examiner's decision, petitioner gives no reason to believe that it would at last succeed in establishing that its patent claims were not obvious.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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IN THE

Supreme Court of the United States

TRANSLOGIC TECHNOLOGY, INC.,

Petitioner,

v.

JONATHAN W. DUDAS, DIRECTOR,
PATENT AND TRADEMARK OFFICE,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY BRIEF FOR PETITIONER

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AUGUST 2008

RULE 29.6 DISCLOSURE

Petitioner's Rule 29.6 Disclosure was set forth at page ii of the Petition for a Writ of Certiorari. There are no amendments to that Disclosure.

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REPLY BRIEF FOR PETITIONER

Solicitors General have long recognized their duty to "defend[] the constitutionality of congressional statutes, so long as a defense can reasonably be made."[1] In this case, the Solicitor General has chosen not to defend the statute at issue, 35 U.S.C. § 6. The Solicitor General instead abandons the statute and asks the Court to "refrain from deciding" whether the statute that the Solicitor General refuses to defend is constitutional. Gov't Op. 5.

Specifically, the Solicitor General, and the Hitachi respondents, advance three non-merits arguments: (1) petitioner waived its constitutional challenge to the composition of the panel that heard its case; (2) the judicially-created "*de facto* officer" doctrine should be extended to cover cases on direct review, such that Appointments Clause errors never receive a judicial remedy; and (3) new legislation "would remove" petitioner's "constitutional objection," *id.* at 13. Each argument fails.

1. Appointments Clause errors, such as the one in this case, present a "structural constitutional objection[]" that implicates "'the strong interest of the federal judiciary in maintaining the constitutional plan of separation of powers.'" *Freytag* v. *Comm'r of Internal Revenue*, 501 U.S. 868, 878-79 (1991) (quoting *Glidden Co.* v. *Zdanok*, 370 U.S. 530,

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[1] Transcript, *Rex E. Lee Conference on the Office of the Solicitor General of the United States*, 2003 BYU L. Rev. 1, 7 (statement of Theodore B. Olson).

536 (1962)). Where this Court has been presented on direct review with the decision of an individual who was not authorized to act as an officer of the United States, it has not hesitated to hold that the decision "should certainly be set aside or quashed by any court having authority to review it by appeal, error or *certiorari*." *Nguyen* v. *United States*, 539 U.S. 69, 78 (2003) (quotation marks omitted) (emphasis in *Nguyen*).

The waiver challenge raised by the Solicitor General has been tested time and again, but has yet to succeed. Pet. 4, 17-20. *Freytag* resolved on the merits an Appointments Clause objection that was "neither frivolous nor disingenuous," 501 U.S. at 879, where the petitioners had actually consented below to the assignment of the officer at issue, *id.* at 878. The plurality in *Glidden*, where "[n]o challenge to the authority of the judges was filed in the course of the proceedings before them," 370 U.S. at 535, similarly rejected the Solicitor General's argument, *id.* at 536. And again, most recently in *Nguyen*, this Court held that it has "agreed to correct," at least "on direct review," a similar error, 539 U.S. at 78, resolving a challenge not raised until the certiorari stage, *id.* at 73.

In trying to develop its waiver argument, the Solicitor General starts with the wrong law. As the Court has recognized, "in the civil no less than the criminal area, 'courts indulge every reasonable presumption against waiver'" of constitutional rights. *Fuentes* v. *Shevin*, 407 U.S. 67, 94 n.31 (1972) (quoting *Aetna Ins. Co.* v. *Kennedy*, 301 U.S. 389, 393 (1937)). "[A]n effective waiver must . . . be one of a known right or privilege." *Curtis Pub. Co.* v. *Butts*,

388 U.S. 130, 143, 172 n.1 (1967) (quotation marks omitted) (Harlan, J., per six justices). The Solicitor General does not dispute that the Board does not disclose the names of its panel members until oral argument—*after* a party has submitted its brief, Pet. 17, nor does the Solicitor General dispute that the unconstitutional appointment of certain administrative patent judges was not disclosed publicly until Professor John F. Duffy's July 2007 article, Gov't Op. 9.[2]

The petitioner in this case has never executed anything approaching a knowing, voluntary, and intelligent waiver of its constitutional right. The Solicitor General suggests that there was the potential for "sandbagging" below, Gov't Op. 6 (quotation marks omitted), but petitioner had every reason to make its arguments to that court. Petitioner filed a 15-page rehearing petition immediately upon learning of the Duffy article, *see* Pet. 5, which offered a more complete analysis than would be possible with the Rule 28(j) approach suggested by the Solicitor General. Plainly there was no waiver at the Federal Circuit.

Nonetheless, the Solicitor General seeks to develop a theory of constructive waiver based upon statements not addressing a petitioner's claim on direct review that there has been constitutional error, *see* Gov't Op. 5, and, most importantly, not addressed to Appointments Clause errors.

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[2] John F. Duffy, *Are Administrative Patent Judges Unconstitutional?*, GWU Legal Studies Research Paper No. 419, *available at* http://ssrn.com/abstract=1128311.

Beginning with *Glidden* in 1962, continuing with *Freytag* in 1991 and *Nguyen* in 2003, the Solicitor General's waiver argument regarding Appointments Clause errors has been thrice-rejected. The Solicitor General makes no effort to demonstrate why *stare decisis* does not foreclose its argument.

The Solicitor General instead seeks to distinguish Appointments Clause jurisprudence, arguing that, "[u]nlike all of those cases, petitioner's challenge concerns the status of the appointments of some Executive Branch officials and does not affect the authority of any Article III court." Gov't Op. 10. This argument fails. *Freytag* itself addressed appointments to a court established under Article I. *See* 501 U.S. at 870. Like the balance of this Court's Appointments Clause jurisprudence, *Freytag* considered Appointments Clause objections to implicate "[t]he principle of separation of powers" among the three branches of our government—a principle "embedded in the Appointments Clause." *Id.* at 882; *see Ryder* v. *United States*, 515 U.S. 177, 182 (1995) ("[t]he Clause is a bulwark against one branch aggrandizing its power at the expense of another branch"); *Glidden*, 370 U.S. at 536. The text of the Appointments Clause is thus not just directed at Article III courts, but instead addresses appointments by "the President," "the Courts of Law," or "the Heads of Departments [of the Executive]." U.S. Const., art. II, § 2, cl. 2.

Declining to follow *Glidden*, *Freytag*, and *Nguyen*, the Solicitor General argues that petitioner should have submitted "a petition to the Chief Administrative Patent Judge under 37 C.F.R. § 41.3" asking that its case be reassigned pursuant to an

internal memorandum directed to the "Administrative Patent Judges."[3] The Solicitor General offers no explanation for why, prior to publication of Professor Duffy's article, the Chief Administrative Patent Judge would find "good reason," Gov't Op. 7 (quotation marks omitted), to hear a constitutional claim.

In any event, the Memorandum is not addressed to the public and is dated August 10, 2005—after the principal administrative decision. *See* Pet. App. 29a. Additionally, the Memorandum "does not create any legally enforceable rights" and instead only "creates internal norms for the administration of the Board of Patent Appeals and Interferences." Memorandum at 2. This Court's precedents "weigh heavily against requiring administrative exhaustion" where there is "some doubt as to whether the agency was empowered to grant effective relief." *McCarthy* v. *Madigan*, 503 U.S. 140, 146-47 (1992) (quotation marks omitted).

Moreover, "adjudication of the constitutionality of congressional enactments has generally been thought beyond the jurisdiction of administrative agencies." *Thunder Basin Coal Co.* v. *Reich*, 510 U.S. 200, 215 (1994) (quotation marks and alterations omitted); *see* Pet. 18; *see also Matthews* v. *Eldridge*, 424 U.S. 319, 329 n.10 (1976). The

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[3] Gov't Op. 7-8. (citing Memorandum from Michael R. Fleming, Chief Administrative Patent Judge, to Vice Chief Administrative Patent Judge and Administrative Patent Judges 1, 6 (Aug. 10, 2005), *available at* http://www.uspto.gov/go/dcom/bpai/sop1.pdf).

Solicitor General offers no response on this front. Respondent Hitachi relies on *United States* v. *L.A. Tucker Truck Lines, Inc.*, 344 U.S. 33 (1952), but *L.A. Tucker* involved an agency's failure to comply with a *statutory*, not constitutional, mandate, *see id.* at 35-37; Pet. 19 n.5.[4]

2. Although the Solicitor General and Hitachi propose extending the "*de facto* officer" doctrine to cover the Appointments Clause error in this case because, they argue, "a decision on the merits of petitioner's constitutional argument could affect far more than a handful of cases," Gov't Op. 11-12; Hitachi Op. 14, there is no legal or factual reason to abandon the Court's jurisprudence on the doctrine.

In *Ryder*, the Court unanimously summarized the history of the doctrine, a judicial response providing that the Appointments Clause would not be enforced where a petitioner brings a "collateral attack," 515 U.S. at 181 (quotation marks omitted), upon all actions of an individual acting, *de facto*, as an officer. The Court noted that cases from the late Nineteenth Century developing the doctrine typically involved the "misapplication of a *statute* providing for the assignment of *already* appointed judges to serve in other districts," whereas the *Ryder* case, like this one, implicated a claim predicated upon "the

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[4] The Solicitor General additionally argues that petitioner waived the *de facto* officer doctrine below, Gov't Op. 11 n.2, but petitioner does not contend that the *de facto* officer doctrine applies, *see* Pet. 12-15. The Government raised the *de facto* officer doctrine as a *defense* below, and petitioner simply addressed, in its petition, why this defense does not apply in light of the Government's reliance upon it.

Appointments Clause of Article II of the Constitution—a claim that there *has* been a trespass upon the executive power of appointment." 515 U.S. at 182 (third emphasis in original; quotation marks omitted). Similarly, *Nguyen* noted that the Court has "agreed to correct, at least on direct review, violations of a statutory provision that 'embodies a strong policy concerning the proper administration of judicial business' even though the defect was not raised in a timely manner." 539 U.S. at 78 (quoting *Glidden*, 370 U.S. at 536).

Without support for their arguments in Appointments Clause jurisprudence, respondents argue that the *de facto* officer doctrine should be broadened, such that Appointments Clause errors are also not corrected in cases on direct review—that is, are never corrected. As the parties arguing against correction of constitutional error, respondents, particularly the Government, should have cited detailed statistics in support of their view. Respondents have not done so because there is no factual support for their argument.

The number of Board decisions that could be appealed based upon the error in this case is quite limited. For cases pending before the Board, if the error here is corrected the Government can appoint administrative patent judges in accordance with the Constitution. For cases in which the Board has reached a final administrative decision, appeals to the Federal Circuit may only be taken within 60 days. 35 U.S.C. § 142; *see also* 37 C.F.R. § 1.304. If this Court corrects the Appointments Clause violation, only the past 60 days of final Board rulings would be implicated. Similarly, the PTO's statistics

indicate that, as of September 30, 2007, there were only 48 patent actions pending in the federal courts that involved final decisions by the Board, some of which may have been made by validly-appointed judges.[5]

The Solicitor General and Hitachi further argue that the Court should apply a form of harmless error review to Appointments Clause errors, Gov't Op. 15-17; Hitachi Op. 6-7, and leave in place the decision of a person "incompetent to sit at the hearing," *Nguyen*, 539 U.S. at 78 (quotation marks omitted). The Solicitor General is forthright, however, in citing authority for its argument with a "*cf.*" citation to a non-Appointments Clause case, where relief could be granted under a statute. *See* Gov't Op. 15-16. Neither respondent cites authority applying harmless error review to Appointments Clause cases—for good reason.

Ryder unanimously rejected the respondents' harmless error argument. There, like here, the Government urged the Court to affirm because the Appointments Clause error occurred in the first appellate tribunal (here, the Board), and the second appellate tribunal (here, the Federal Circuit) had been properly constituted. 515 U.S. at 186. The Court noted, however, that the "scope of review [of the second appellate tribunal] is narrower than the

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[5] U.S. Patent & Trademark Office, *Performance and Accountability Report Fiscal Year 2007* tbl.25, *available at* http://www.uspto.gov/web/offices/com/annual/2007/50300_workloadtables.html.

review exercised by the" first appellate tribunal. *Id.* at 187.

Here, the same is true. The Federal Circuit reviewed "the Board's underlying findings of fact . . . for substantial evidence." Pet. App. 15a (citing *In re Kotzab*, 217 F.3d 1365, 1369 (Fed. Cir. 2000)). Under that standard of review, "'[i]f the evidence in [the] record will support several reasonable but contradictory conclusions, [the Federal Circuit] will not find the Board's decision unsupported by substantial evidence simply because the Board chose one conclusion over another plausible alternative.'" *Id.* (quoting *In re Jolley*, 308 F.3d 1317, 1320 (Fed. Cir. 2002)). Thus, the Federal Circuit must give deference to the Board on:

> facts[,] includ[ing] the scope and content of the prior art, the level of ordinary skill in the art at the time of the invention, objective evidence of nonobviousness, and differences between the prior art and the claimed subject matter.

In re ICON Health and Fitness, Inc., 496 F.3d 1374, 1378 (Fed. Cir. 2007) (citation omitted). The parties hotly debated, and the Federal Circuit reviewed, these very issues, looking to, by way of example only, what constituted "relevant prior art," Pet. App. 16a, what the prior art "disclose[d]," *id.* at 16a, 23a, whether a prior art reference was "within the scope of the relevant prior art," *id.* at 23a, and what "a person of ordinary skill in the art would have" understood, *id.* at 23a-24a, 27a.

The Solicitor General admits this point, in acknowledging that "the court of appeals reviewed the Board's underlying findings of fact for 'substantial evidence.'" Gov't Op. 16 (quoting Pet. App. 15a). That admission is fatal. As in *Ryder*, "[i]t simply cannot be said . . . that review by the properly constituted [second appellate tribunal] gave petitioner all the possibility for relief that review by a properly constituted" first appellate tribunal would have provided. 515 U.S. at 187-88; *see also Nguyen*, 539 U.S. at 80.

3. The Solicitor General also briefly contends that the Court should not resolve the constitutional error because of pending legislation. The pending legislation, passed by both houses but not yet law as of the filing of this brief, will allow the Secretary of Commerce, "in consultation with the Director" of the PTO, to appoint administrative patent judges. S. 3295, 110th Cong. (2d Sess. 2008). That legislation only adds to the case for granting certiorari.

First, the legislation comes close to a congressional admission that the statute at issue is unconstitutional. Second, because the legislation would allow the Secretary to appoint judges largely in accordance with the Constitution in pending and future cases before the agency, except perhaps with respect to its "consultation" requirement, it ensures that the number of cases presenting Appointments Clause errors will be at a manageable level—only those cases in which a final administrative decision has been entered and which are subject to, or are in the process of, Article III review. As this is a small number of cases, *see supra* pp. 7-8, the magnitude of

the error at issue is similar to the error corrected in *Ryder*. 515 U.S. at 185. It also makes this case quite representative.

Finally, the Solicitor General notes that the legislation purports to codify two statutory defenses to the constitutional challenge. Neither leads to a different constitutional result in this case.

The first purports to codify the *de facto* officer doctrine as a statutory defense: "It shall be a defense to a challenge to the appointment [under the Constitution] of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer." S. 3295. The Appointments Clause, and this Court's precedents on the Appointments Clause, however, are controlling. *See City of Boerne* v. *Flores*, 521 U.S. 507, 536 (1997) ("When the political branches of the Government act against the background of a judicial interpretation of the Constitution already issued, it must be understood that in later cases and controversies the Court will treat its precedents with the respect due them under settled principles, including *stare decisis*, and contrary expectations must be disappointed.") (citing *Marbury* v. *Madison*, 5 U.S. 137, 177 (1803)).

The second provision at issue purports to allow the Secretary of Commerce to, "in his or her discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge." S. 3295.

That provision runs afoul of the lesser-known underlying holding of *Marbury*. *Marbury* makes clear when appointments under the Appointments Clause take effect: "[a] commission [appointing an officer] bears [a] date," 5 U.S. at 161, and it is "decidedly the opinion of the court[] that when a commission has been signed," "the appointment is made" and "the commission is complete[] when the seal of the United States has been affixed." *Id.* at 162.

This long-standing rule of *Marbury*—that a person becomes an officer once a commission is signed—prevents the appointments process from becoming "an inchoate and incomplete transaction." *Id.* at 157. Instead, after the appointing officer signs a commission, "[h]is judgment" has "been made, and the officer is appointed. This appointment is evidenced by an open, unequivocal act . . . ." *Id.* Allowing Congress to provide for retroactive appointments would run afoul of *Marbury*'s teaching that "a fact which has existed cannot be made never to have existed[;] the appointment cannot be annihilated." *Id.* at 167.

The proper judicial remedy in cases that are not yet final is to require that the decision at issue be made by officers who have been constitutionally appointed at the time of the decision.

CONCLUSION

The petition for a writ of certiorari should be granted. Alternatively, the Court should at a minimum grant the petition, vacate the decision of the Federal Circuit, and remand for further consideration in the light of the new legislation. The enactment of new legislation that purports to apply to this case, and appears to have been precipitated by this case, weighs strongly against denying the petition.

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